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ABSTRACT

The mini-problems presented in this volume are provided to augment the introductory course, "Minding Your Own Small Business," and the advanced course, "Something Ventured, Something Gained," in small business ownership and management. They can also be used in conjunction with other instructional materials in small business courses. Mini-problems are of six types: women and minority entrepreneurs; ethics, communication skills, recordkeeping; and self-assessment. All the problems address common business situations and skills needed by entrepreneurs. Most have direct business content; a few are presented as "games" designed to promote skill development. The mini-problems are flexible; each can be completed in 10 minutes or a full class period, according to the preference of the teacher and the class, and the time available. The educational format of each mini-problem is identified (e.g., small group discussion, role play, brainstorming exercise, written exercise, pencil-and-paper problem, verbal pantomime, individual exercise, etc.), although formats can be changed as desired. Both teacher materials and student materials for the mini-problems are included in the document. (KC)

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small business management and ownership

volume four

mini-problems in entrepreneurship

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VOLUME IV

MINI-PROBLEMS IN ENTREPRENEURSHIP

a supplement to

MINDING YOUR OWN SMALL BUSINESS:
an introductory curriculum for
small business management

and

SOMETHING VENTURED, SOMETHING GAINED:
an advanced curriculum for
small business management

by

Jo Shuchat

Based on initial work by:

Del Green Associates, "Small Business Ownership/Management Course for Mincrities and Females"

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MINI-PROBLEMS IN ENTREPRENEURSHIP

Introduction to the Teacher

The mini-problems presented in this volume are provided to augment the introductory course ("Minding Your Own Small Business") and the advanced course ("Something Ventured, Something Gained") in small business ownership and management. They can also be used in conjunction with other instructional materials in small business courses. Mini-problems are of six types:

- Women and minority entrepreneurs,
- Ethics,
- Communication skills,
- Record keeping, and
- Self-assessment.

All address common business situations and skills needed by entrepreneurs. Most have direct business content; a few are presented as "games" designed to promote skill development.

The hallmark of the mini-problems is their flexibility. Each can be completed in ten minutes or a full class period, according to the preference of the teacher and the class, the extent to which the teacher uses them to extend students' understanding and knowledge, the students' business experience, or simply the time available. Although it is unlikely that a teacher will want to use all the mini-problems during a semester, enough are included to enable him or her to make selections based on content areas and students' needs.

Women and Minority Entrepreneurs

This series of ten mini-problems highlights how racism and sexism may affect the entrepreneur. They are presented in the curriculum to enable women and members of minority groups who are considering or planning a career in entrepreneurship to have the opportunity to think through some of the situations they may confront in advance and thus become better prepared to deal with them if they should arise.

While racism and sexism in small business can take many forms, these activities are representative of those mentioned frequently by minority and female entrepreneurs as most troublesome. Each mini-problem contains a number of questions designed to promote class discussion of the issues, and teachers are encouraged to use them as the basis of still more targeted and personalized discussions in their classes. The "Women and Minority Entrepreneurs" mini-problems are useful not only to female and minority group students, but to other students as well.

Ethics

These mini-problems address a variety of business-related situations in which a student must decide if a given action is morally right or wrong, with special attention to short-term and long-term consequences of alternative solutions. The object is to stimulate discussion among students in order to foster greater sensitivity to ethical ramifications of business decisions.

Communication skills

These mini-problems address the importance of written and spoken communications for the business person, and stress clarity, persuasiveness, and the ability to adapt communication to the needs of the reader and listener. The ability to listen "between the lines," as it were, is covered in some problems.

Problem solving

These mini-problems present students with a series of situations requiring a solution, and stress logic, defining needed information, and the analysis of alternative solutions and their consequences. Several of them address the creative aspect of problem solving in that they call primarily for ingenuity and innovativeness on the part of students. As in the ethics mini-problems, there are no "correct" answers--only well thought out ones.

Record keeping

These mini-problems have a dual focus. Some of them are mathematical, requiring computations or working with numerical concepts. Others are concerned with the creation of record-keeping systems for specific needs to emphasize the common sense that should underlie what sometimes appears to be mysteriously complex and arbitrary.

Self-assessment

While beginning students of entrepreneurship can most obviously benefit from these mini-problems, advanced students also need to give attention to the manner in which their skills and personalities match those possessed by successful entrepreneurs. Problems address such character traits by asking students to explore their own feelings and abilities.

The teacher will notice that the mini-problems in this volume are not identified specifically as belonging to one of the latter five types described above. This is because most problems serve more than one purpose. For example, a class discussion of the mini-problem about Maria Williams, who raises her prices on an essential item because she temporarily has no competition, addresses ethics (was her action right or wrong?), communication skills (students must express their views

clearly), and self-assessment (students consider what they would have done in the same situation). Similarly, a mini-problem about an entrepreneur who needs to devise an inexpensive and easy way to count customers and their arrival times is an exercise in record keeping and problem solving, as well as communication skills as students discuss and report their solutions.

As a final note, the educational format of each mini-problem is identified (i.e., small group discussion, role play, brainstorming exercise, written exercise, small group discussion, pencil-and-paper problem, verbal pantomime, individual exercise, etc.) Formats are indicated only as suggestions: many of the problems can easily be transformed if the needs of the class would be better served by another format. Thus, a mini-problem labeled "class discussion" can be done in small group or paired discussions, by debating teams, in individual written responses, or dramatized as skits in role plays. Written exercises can either be done in class or as an outside assignment.

MINI-PROBLEMS IN ENTREPRENEURSHIP

WOMEN AND MINORITY ENTREPRENEURS

Teacher Materials

WOMEN AND MINORITY ENTREPRENEURS 1:
BOB JOHNSON'S STORY

1. Distribute Bob Johnson's story to students ahead of time as an outside assignment.

2. The class discussion might effectively be guided by the experiences and the interests of the students themselves. Some of the following questions will help elicit students' personal experiences:

   - How much thought do your friends give about what they will do for a living ten years from now?
   - Do you know anyone who drifted along like Bob Johnson did, but wound up with a satisfactory career despite the drifting?
   - Bob Johnson is black, but all minority groups, including women, often have to face special problems in their work. What problems have you heard of or know about directly?
   - Bob Johnson says that a lot of black business people really aren't sure they can make a success of their businesses. Do you agree with this? Why?
   - Do you think that businesses owned by white males make as many "dumb mistakes" as Sam says black-owned businesses make?
   - Do you think that Bob Johnson's conclusion about much of racism being no more than thoughtlessness is true? What about sexism?
   - According to Bob Johnson, one of the most important contributions to a black businessperson's success is real self-confidence. Do you agree? Why?
   - What similarities do you see between women and members of minority groups who are starting out in their careers? What differences?
   - What do minority groups and women have in common with white males in entrepreneurship? How do they differ?
   - What constructive steps should a women or minority member take to overcome some of the problems discussed in this section?

WOMEN AND MINORITY ENTREPRENEURS 2:
A FAMILY BUSINESS

1. Tell students that many small businesses are family businesses, especially when they start.

2. Ask students to think of some advantages of a family-run business, as opposed to hiring an employee who is not a relative. Possible answers: lower labor costs, ability to leave the business with someone you trust, greater commitment to the success of the business, greater willingness to make time and financial sacrifices for the sake of the business.

3. Tell students that one potential disadvantage of the family-run business is that it requires the family members to be together constantly, and that this can prove to be a strain to their relationship.

4. Distribute the case study, "A Family Business," one to each student. Give them enough time to read it.

5. To start discussion, ask students:

   - What should Bill and Caren do now?
   - How common do you think it is for families starting out in a new business not to discuss in advance who will do what in the business?
   - On what basis should families divide business responsibilities?
   - If Caren and Bill were to sell their fruit and vegetable business and start a variety store, how should they set things up differently to eliminate the tensions between them?

WOMEN AND MINORITY ENTREPRENEURS 3:
RAY GARCIA

1. Distribute the case study of Ray Garcia. Ask students to read it and decide on the best response Ray could make.

2. Ask how many students voted for each alternative.

3. Ask students to explain why they voted as they did.

4. Ask students to define the situation confronting Garcia as clearly as possible. The definition should include:

   - O'Malley is betraying his prejudice against Puerto Rican people, without being aware of that fact (one assumes he would not knowingly talk in such an offensive manner)

5. Ask students to define as clearly as possible what goals Garcia is trying to achieve in his contact with O'Malley. The goals should include:

   - to obtain the insurance company's order from O'Malley
   - to maintain his own professionalism and self-respect

6. Ask which of the alternatives do not fulfill either of these goals, and why. ANSWER: b, c, and f.

7. Ask students to justify which of the remaining alternatives is best in light of their probable consequences and implications.

WOMEN AND MINORITY ENTREPRENEURS 4:
MICHAEL BOONE

1. This problem is about two white men who decide not to stop for lunch at a restaurant in a black neighborhood of Washington, D.C. because they assume that whites are not welcome there. Michael Boone, the black owner of the restaurant, is concerned that whites do not patronize his restaurant, especially since he chose his location so that they would.

2. You may choose to conduct this exercise as a class discussion, a small group discussion, as a role play, or as an individual written assignment. Suggested questions are:

   What is it exactly that Eddy and George might be afraid of?

   Do people who have feelings like Eddy's and George's base them on personal experience or on something else? If something else, what is it?

   What might give Eddy and George the impression that Michael's restaurant is a "black" restaurant?

   What can Michael do to draw George and Eddy, and others like them, to his restaurant?

WOMEN AND MINORITY ENTREPRENEURS 5:
YURIKO SUMOTO

1. Explain to students that because business deals are often made between people who know each other already, it is important for the businessperson to know many different people. Many business contacts have a strong social element (and the other way around: business deals often start on the golf course or at an evening social gathering). This poses a problem to women and minorities, who are often not included in social events shared by white males. The lack of opportunities to socialize is a continuing problem that cannot be handled by equal opportunity legislation.

2. Distribute "Women and Minority Entrepreneurs: Yuriko Sumoto."

3. Tell students that they are to read about Yuriko's problem and to plan realistic strategies she could use to increase her contacts with community residents and potential customers, and to find sources of advice for her business. You may want to discuss answers to the questions in class or to assign them to be done in written form outside of class.

4. Among the possibilities for business contacts are:

   - Talk with people at trade shows related to her business
   - Join civic groups or community action groups (such as the PTA, a group of citizens trying to establish a youth center in town, etc.)
   - Join a local religious organization
   - Start an informal organization of neighborhood entrepreneurs (male and female, majority and minority)
   - Attend seminars on small business ownership given by state or municipal agencies or by educational institutions.

5. Point out to students that business contacts have a ripple effect: you meet one person who introduces you to two or three others. Because the process takes some time, patience is needed.

6. Among possible sources for Yuriko to obtain business advice are:

   - Join the Federation of Business and Professional Women's Clubs (the Federation has state and local chapters)

- Ask the National Association of Negro Business and Professional Women's Clubs for names of women in business in her community
- Call the regional office of the Small Business Administration
- Call the agency in her state's Department of Commerce that is concerned with women in business
- Call the agency in the state's Department of Commerce that is concerned with minority persons in business
- Call non-profit organizations which are concerned with women in business, such as the Women's Industrial Union in Massachusetts

WOMEN AND MINORITY ENTREPRENEURS 6:
YVETTE BURKE

1. This exercise highlights a problem recently given the name of "displaced homemaker": The woman who has been a full-time homemaker and who unexpectedly finds herself without an adequate income due to separation, divorce, or her husband's death. Women who are middle-aged or older are often most severely affected, as they have been out of the workforce for many years and have no recent training or work experience to fall back on.

2. Students are asked to transform the list of skills Yvette Burke has learned in her twenty-three years of homemaking to ideas for small businesses. Point out that with more and more women entering the workforce, opportunities for businesses providing the services that wives have traditionally provided are expanding. (Women in several cities have recently started errand services, charging $10 per hour for grocery shopping, selecting presents, shopping for party needs, picking up clothes at the cleaner's, etc.; one of them has been considering expanding into a franchise operation.)

3. Copy her skills list on the board, leaving room for students' business ideas underneath each skill. Encourage ingenuity and creativity as students generate ideas for possible businesses.

4. When the business list is complete, go through it again to eliminate businesses requiring extensive additional schooling, a license, or substantial capital investment.

5. What remains is a list of business opportunities that Yvette could realistically consider. Tell students that this exercise is a good one not only for women such as Yvette, but for everyone considering going into business for him- or herself.

WOMEN AND MINORITY ENTREPRENEURS 7:
WOMEN AND MATHEMATICS

This problem describes Tasha Jones, who was an excellent math student as a child and had elaborate plans for a math-related career, but who was barely passing math in high school and no longer thought of math in career terms.

Discussion should be guided by the three questions presented at the end of Tasha's story. The extra questions below are offered as examples.

1. Are women afraid of math?

   - Is it true that boys are better at math than girls? Explain your answer. (Actually, studies have shown that girls are a little better than boys at math in elementary school; boys catch up at around sixth or seventh grade, then surpass girls in high school.)

   - What else is happening in boys' and girls' lives when they are around 12 or 13? (They are beginning to discover the opposite sex, and any "messages" from society about what is appropriate for girls and for boys become increasingly important to them at this time. Girls experiment with cosmetics and clothes; boys become interested in cars, science, and team sports.)

   - What role do guidance counselors have in course selection? (It depends on how "natural" a given course is for one sex or the other. If few boys in a school take home economics, it may take more than a guidance counselor's suggestion for a boy to enroll in it. In the same way, if math is perceived as a serious subject primarily for boys, mild encouragement to take math courses may not be enough for many girls.)

2. What does math have to do with careers?

   - What jobs can you think of that have a lot to do with math? (Write their suggestions on the board, then ask students to tell you whether each is more commonly held by men than by women. There will probably be more "men's jobs" in the list.)

   - Do you think more men have these jobs because they have better math skills, or is it that women can't get these jobs because they didn't learn enough math in school? (Math can be thought of as an important career "filter." Since it is an essential part of many well-paying jobs, people who don't have math skills are eliminated from those jobs.)

- If we see more men than women in math-related jobs, how can we tell if this is because men really are better at math or if women wrongly believe they are worse at it? (It is hard to be certain, but two indications point to the latter explanation: girls do at least as well as boys at math in elementary school, and some women are excellent at math. In addition, the expectation that boys are better at math can become a self-fulfilling prophecy.)

3. What does math have to do with owning a small business?

- What does a small business person need math for? (Payroll records; tax information; bank records; calculating prices; discounts; sales tax; profit margin; break-even point; using the services of an accountant intelligently; knowing if new merchandise is a good buy or not; completing daily, weekly, monthly, and yearly sales records, including balance sheets; etc.)

- What can you do if you think your math isn't good enough for running a business? (Take a course in business math; call the SBA, your local community college, your adult education center; ask local business people how they felt about math when they started and what they recommend you brush up on; take a book in business math out of the library and work in it on your own; get a tutor; if you already have an accountant, ask him or her to give you short lessons--but above all, don't doubt you can do it.)

WOMEN AND MINORITY ENTREPRENEURS 8:
SARA GREENFIELD

1. Distribute the case study of Sara Greenfield. Ask students to read it and decide on the best response Sara could make.

2. Ask how many students voted for each alternative.

3. Ask students to explain why they voted as they did.

4. If there is disagreement (and there should be), ask students to define the situation confronting Sara as clearly as possible. The definition should include:

   - Fuller is condescending
   - Fuller assumes she can't manage her own business
   - Fuller assumes he knows what's best for her (better than she does herself)
   - Fuller is displaying a sexist attitude by all of the above

5. Ask students to define as clearly as possible what goals Sara is trying to achieve in her contact with Fuller. The goals should include:

   - to get Fuller's business
   - to maintain her professionalism and self-respect

6. Ask students which of the alternatives definitely do not lead to one or the other of these goals. ANSWER: b, d, and f.

7. Ask students to justify which of the remaining alternatives is best in light of their probable consequences and implications.

WOMEN AND MINORITY ENTREPRENEURS 9:
D. BLACKWELL

1. Distribute copies of "Denise Blackwell" to half the students, and copies of "Dan Blackwell" to the other half. Tell them they are not to look at each other's papers (students should think that they are all getting the same paper). Ask students to answer the questions as quickly as possible; since there are no "right" answers, their first impression is acceptable.

2. Collect the papers. Write the answers to each question on the chalkboard. Average the answers for each question, separately for Denise and for Dan. It is almost certain that more people will be said to work for Dan than for Denise, and that Dan's salary will be higher.

3. Ask students the following questions to spark discussion:

   - How do you explain the difference?
   - Do you think these results pretty much reflect what our society expects of men and women?
   - What kind of message do you think society sends to men about their careers?
   - What kind of message is sent to women?
   - Do the different messages explain anything about how men and women feel about careers? About ambition? About confidence in themselves?
   - What do you think the answers would have been if you had been told "Dan Blackwell, white man," and "Pete Blackwell, Mexican-American (or black, or French Canadian, or Vietnamese) man"?

WOMEN AND MINORITY ENTREPRENEURS 10:
FINANCING

1. Point out that experienced advisors of small businesses suggest that entrepreneurs keep in mind these points while considering financing for starting their own business.

   a. Make a realistic estimate of how much initial and working capital you will need to open. Make it a comfortable and secure estimate.

   b. Raise as much equity capital as you can.

   c. Apply for as much of a loan as you need and you can afford--not more.

   d. If you cannot raise enough equity capital, and/or if the bank offers you a smaller loan than you need, refuse the loan and WAIT for a better time to start your business.

2. Ask students whether they think women and minorities (on the one hand) and white males (on the other) approach the financing of their small businesses with equal advantages. Ask them to suggest factors for the difference. (Possible factors: women and minorities are often not brought up to consider entrepreneurship in their future plans; they have less management experience; there are fewer people willing to invest in their businesses; they have smaller financial resources to start with; banks have discriminated in the past against women and minority entrepreneurs.)

3. Distribute "Women and Minority Entrepreneurs: Financing." Give students enough time to read the information sheet silently.

4. Point out that fair credit legislation and the cumulative effect of the civil rights and women's rights movements are working in favor of women and minority entrepreneurs, although the gap is still large.

5. Ask students to turn to the last sentence in the information sheet. If they must postpone the opening of their small business, how could they most constructively spend the time until they have enough capital? (Possible answers: get a job in a similar business to find out how someone else runs that type of business; talk to people who run a similar business for advice; contact agencies and organizations for possible sources of capital; save as much money as possible in the meantime.)

MINI-PROBLEMS IN ENTREPRENEURSHIP

WOMEN AND MINORITY ENTREPRENEURS

Student Materials

WOMEN AND MINORITY ENTREPRENEURS 1:

BOB JOHNSON'S STORY

My name is Bob Johnson. I'm 42, and I own a small radio and tape recorder business. It won't make me rich, but I make a good living at it. There's one other thing: I'm black.

You might be wondering why I said that. I'd like to tell you.

When I went to school, I had a bunch of friends I spent most of my time with. We hung around together, doing nothing in particular, we played ball together, and we sometimes went out with girls together. We used to spend a lot of time talking about what we would do after we finished school. Sam was going to join the Army, because he had heard he could learn how to be an auto mechanic. Dave had an uncle who had a storm window company, and he thought he would go to work for him for a while. Willy's plans changed every day: one day he thought he would own a chain of supermarkets, the next he was planning to be a famous poet, and the day after that he was thinking about teaching deaf kids in a black neighborhood school. As for me, I had no idea at all about what I wanted to do.

It's been interesting to see what's happened to all of us since high school. Of all of us, Willy has been the most impressive. The Air Force taught him how to fly a plane, and now he flies for Skyways Airlines. He says he's sure that being black held him back--he flew smaller planes for less money than a lot of the white pilots did--but he finally made it.

Dave is still working in his uncle's storm window business. He's vice president now, but he's tired of taking orders from somebody else. Every now and then he talks about setting up his own company. Somehow he never gets around to it.

Sam's done well for himself. He joined the Army as he said he would, and he learned to be an auto mechanic. When he got out, he worked in a few gas stations as a mechanic and then opened one of his own. It folded, but he opened another one as soon as he could get the money together. That one lasted two years, and he really lost his shirt on it. Sam always hated to quit, though, so he started a third one. He swore that this time he wouldn't make the same dumb mistakes he had made the first two times, and he actually hasn't. His station has been open for nine years, and it's still going strong.

Sam and I get together now and then to talk business, even though our businesses are very different. We talk about our own, and we talk about businesses owned by other friends of ours. We have seen so many things happen to blacks who own businesses that we should write a book about it some day!

The most basic thing we see is that a lot of black people who start a business don't really believe, deep down, that they can make it. We know whose business will succeed and whose will fail, even before the

business opens, just by looking at the person's self-confidence. And I mean the real kind, not the "show" kind. It's not suprising, after all--how many successful black businesspeople did you see when you were a kid? In a lot of ways, we thought that a successful business was something only white people had, so there wasn't much sense in working extra hard for something you thought wasn't going to pay off. And even when we did see a business owned by a black person that seemed to be doing okay, I think we assumed the success came from luck--not from brains and hard work. White people's business were different--we all knew they were successful because of brains and hard work.

Now I look back on all that and it hurts me to see how wrong we all were, how much we insulted our own people.

Another thing we see a lot is what Sam calls "dumb mistakes." He sure knows about those. We've seen businesses take on a new product line without finding out first whether it will sell. We've seen businesses open in stupid places-just the other week a coffee shop closed because it was in a neighborhood that had no other stores and it was on a side street that nobody knew was there. We've seen businesses try to sell cheap stuff in an expensive neighborhood, and ones that try to sell expensive stuff in a poor neighborhood. And Sam's favorite--it's what did him in the first time, because he's such a good-hearted guy--is businesses that go under because they extend more credit to their friends than they can afford. Sam and I think that decisions black businesses make are sometimes so bad because we didn't have as much practice in making decisions as white people. And the reason we didn't is that we weren't expected to. But now we know that making good decisions is like knowing how to dress right--mostly what you need is practice in doing it.

I could go on and on with things that happen to a lot of black businesses that don't happen to white businesses as much. Do you know about "charity" orders and "guilt" orders? They are orders you get from white people who give you their business--once or twice--to make their social conscience feel better, but then they give the <u>big</u> orders to their white friends. And the times a white customer will take an hour of your time by talking about everything under the sun, and then leave with a 79 cent purchase. And the white purchasing agent who tells you he doesn't need what you're selling, but maybe that black-owned company five miles away does--as if he thinks you only want to earn black people's money.

I used to be angry about all this, but I don't need to be any more. I've done well in my business because I discovered I had brains and could work hard. Sure, I've made my share of "dumb mistakes," but they haven't done me in and I've learned from them. At the same time I learned I could cope with some of the racist things that happen in business, I learned that there weren't as many as I thought there were. Most white people really aren't out to get me. It's just that some of them don't think about what they're saying or doing. I've learned that if I think more about business, and less about how a white person feels about me as a black man, I feel better, my business goes better, and the contact with the white person goes better too. Thinking about business instead of race relations also means a lot less wear and tear on the emotions. After all, I'm not in business to educate whites about blacks.

Mostly, I've learned that the most important thing I can do for myself, and so for my business too, is to trust myself as a businessman. I am certain that I know my business inside out and backwards. I know how and what to order, I know how to get along with customers, I know how to find new customers, I know how and when to borrow money--and when not to, and I know everything about radios and tape recorders there is to know. So if some white person lets on that I don't know what I'm talking about, it doesn't bother me. I shrug, because he obviously has the problem, not me. And nobody can take what I know away from me.

Discussion Questions:

- How much thought do your friends give about what they will do for a living ten years from now?
- Do you know anyone who drifted along like Bob Johnson did, but wound up with a satisfactory career despite the drifting?
- Bob Johnson is black, but all minority groups, including women, often have to face special problems in their work. What problems have you heard of or know about directly?
- Bob Johnson says that a lot of black business people really aren't sure they can make a success of their businesses. Do you agree with this? Why?
- Do you think that businesses owned by white males make as many "dumb mistakes" as Sam says black-owned businesses make?
- Do you think that Bob Johnson's conclusion about much of racism being no more than thoughtlessness is true? What about sexism?
- According to Bob Johnson, one of the most important contributions to a black businessperson's success is real self-confidence. Do you agree? Why?
- What similarities do you see between women and members of minority groups who are starting out in their careers? What differences?
- What do minority groups and women have in common with white males in entrepreneurship? How do they differ?
- What constructive steps should a women or minority member take to overcome some of the problems discussed in this section?

A FAMILY BUSINESS

Bill and Caren Barth own a fruit and vegetable business near Greenwich Village in New York City. They are young, and this is their first business after completing school. They are pleased with their choice; happy to be their own boss, to set their own hours and salary, and to be selling something as healthy and attractive as apples, cauliflower, canteloupes, and all the other produce their customers request.

The "honeymoon" with their business lasted about a year, and started to wear off when the novelty of owning a business gave way to routine. They gradually realized they had some serious problems.

One problem Caren and Bill shared was that they weren't used to being together constantly. They found they talked about business at work and about business at home. In a way, they had less to talk about now: since they led the same life, they had no "news" to exchange at the end of the day. They got a little bored with each other's company.

Other problems were Caren's. She came to understand that they started the business with a couple of assumptions neither of them thought to question at the time. The housekeeping, for example--since she did all the housework at home, Bill assumed (and she didn't protest) that she would continue to at the store. So she swept the floor several times a day, wiped the produce bins several times a day, scrubbed the bins twice a week, polished the apples until they gleamed, and constantly rearranged the fruit and vegetables in neat stacks after the customers had messed them up. She knew that arranging the vegetables and fruit was important, since one of the reasons customers were willing to spend more for the produce was that it simply looked nicer than it does in a supermarket. The housekeeping chores had to be done, but she was tired of doing them all.

In a sense, her feeling was part of a larger problem. Bill had made most of the important decisions at home, so neither he nor Caren thought much about it when he made them at work, too. At first, she was quite comfortable with this arrangement. But when she said she had spoken to a wholesaler who sold better tomatoes than their present supplier, Bill said that choosing suppliers was his responsibility. She saw ways they could improve the quality of the produce, make the billing process smoother, and design better advertising. When she said so, however, he seemed to resent her suggestions.

Caren had not counted on her marriage relationship with Bill carrying over into her business relationship with him. Now, both her business and her marriage were in trouble.

WOMEN AND MINORITY ENTREPRENEURS 3:

RAY GARCIA

Ray Garcia was sitting in the office of Ken O'Malley, the purchasing agent of a large insurance company. Garcia, who owned a small printing business, had sumbitted a bid to supply promotional brochures for a new kind of insurance plan and was discussing his bid with O'Malley.

After fifteen minutes of small talk, O'Malley said, "Well, Ray, your bid is very interesting, indeed. And it's very fortunate for you that you've come to us now. Just five years ago, this company was very narrow-minded about the contributions you people could make. Now things are different! Why, we even have a Puerto Rican department head, and several others are on their way up. I've always been for this sort of thing, myself--I've always insisted that we've all been put on this earth to live in peace together. That's why I was so glad to see a Puerto Rican family move in down the street from me. When I invited them in for a drink the other week I was delighted at how pleasant and well-bred they were. I can see that we'll all be good friends before too long..."

O'Malley was clearly prepared to go on in this manner for quite some time. If you had been Garcia, what would you have done?

a. You would have interrupted, "But about that bid, Mr. O'Malley..."

b. You would have said, "You are a bigot, and I don't want your lousy business."

c. You would have continued to listen politely.

d. You would have said, "Mr. O'Malley, this is very interesting, but I have several other appointments this afternoon."

e. You would have said, "Mr. O'Malley, perhaps you don't realize it, but this sort of talk makes me very uncomfortable."

f. You would have said, "Mr. O'Malley, I'm glad to hear you're so open-minded."

WOMEN AND MINORITY ENTREPRENEURS 4:

MICHAEL BOONE

Eddy Golant lives in Washington, D. C., a city with a large black population. Eddy is white. He owns a small glass and mirror company that cuts pieces to size for table tops, windows, and wall mirrors. He makes deliveries all over the city, and takes his brother, George, with him to help carry the heavy glass.

One day at 8 A.M. they started delivering pieces customers had ordered and at 2 P.M. in one of Washington's black neighborhoods Eddy and George realized they were hungry. "There's a place we can get something to eat," said Eddy. "In this neighborhood?" George objected. "Everybody knows black people don't want whites in their businesses. We'd have a pretty uncomfortable time of it if we went into a restaurant where we were the only white people there." So they kept on driving.

The restaurant they passed up was owned by a black man named Michael Boone, and if he had been able to hear the exchange between George and Eddy he would have been upset. He knew his restaurant wasn't as successful as it should have been because white people thought it was a "black" restaurant and stayed away. Michael had opened his restaurant on the edge of the black neighborhood deliberately to attract customers of both races, but he had to admit it wasn't working.

What can business owners like Michael Boone do to attract customers like Eddy and George Golant?

WOMEN AND MINORITY ENTREPRENEURS 5:

YURIKO SUMOTO

I am Yuriko Sumoto, an entrepreneur, a woman, and a Japanese American. I own a business which manufactures custom-made speciality T-shirts in large quantities. Political campaigns order my T-shirts with the name of the candidate on the front of the shirt. Recently I obtained a large order from a local department store for "Star Wars" shirts.

One of my problems is that I don't have the kind of social contacts white males have. I can't afford the time or money to belong to a golf club or any other kind of social club. I can't belong to men's service organizations like Lions or Rotary or Kiwanis. But I know that I could get more big orders just by knowing the right people.

What can I do to make the contacts I need to make, and to meet the people I need to meet, for my business to be the success it deserves to be?

Another problem I have is that I don't know the right people to ask for business advice. I've only been in business for eight months, and I've learned enough by now to know that I need to know a lot more. White males ask each other for advice, but I don't think they would take seriously questions from me until they know me well--and besides, I don't know any I could ask questions like that. And there are very few women and minority people in business where I live!

Whom should I ask for advice on running my business?

WOMEN AND MINORITY ENTREPRENEURS 6:

YVETTE BURKE

Yvette Burke had been a full-time homemaker for 23 years when she and her husband were divorced last year. Her two children are self-supporting and living in their own apartments, so she is alone. Her alimony payments come to much less money than she had to live on before her divorce. After trying to make do on her reduced income last year, she has recently come to the conclusion that it is time to start thinking about ways she can earn more money. But how?

Yvette is talking with her friend, Janet, about the problem. "I haven't worked for 25 years," Yvette said. "All I've done is stay home and raise the kids. And even if someone wanted to hire me to raise their kids, I wouldn't do it--at my age, that's too hard. I just don't have any skills. Can you just see me saying to an employer that he should hire me because I knew how to type 24 years ago? I don't really want to work in an office, anyway. I've gotten so used to doing things on my own that it would be hard to work for someone else. I don't know what to do."

Janet listened quietly, then said, "It probably isn't as impossible as you think. From what you're saying, maybe you should think about going into business for yourself. It would have to be a business that can be started with very little money, and something that makes use of what you know how to do. I've known you for years, and the thing I've always been most impressed with is how creative you are--in cooking, in doing things with your kids, in sewing, in gardening, in decorating, in organizing your time so that you seem to get ten things done in the time it would take most people to do one. I know a lot of people who are in business but who aren't nearly as creative or organized as you are."

"What I think you should do," Janet concluded, "is to make a complete list of everything you know how to do--and I mean everything! I'm willing to bet that you'll find skills people would be willing to pay for."

So, with Janet's help, Yvette drew up her list. This is what it contained.

Cooking and baking--for one to twenty people
Housework
Painting and wallpapering
Helping children with homework
Sewing clothes and draperies
Gardening, indoor and outdoor--I'm the neighborhood expert on this
Listening to people's problems and giving advice--especially to neighborhood children
Selecting and arranging furniture, pictures, etc.
Organizing committee meetings
Supervising fund-raising campaigns for the after-school center
Budgeting household money

Scheduling my time realistically and sticking to the schedule
Writing wonderful letters (so my friends tell me!)
Small carpentry--making picture frames
Nursing sick children
Taking care of pets
Refinishing furniture
Choosing presents well
Planning trips and vacations
Driving
Planning and giving parties for children and adults
Teaching children games

For each skill she listed, Yvette and Janet thought of businesses that could be built around the skill. For example, under "taking care of pets" they listed:

- A pet store
- A dog-walking service
- A service to feed, walk, and play with pets when owners are on vacation.

Then Yvette eliminated all businesses that required a lot of additional schooling (she had neither the time nor the money for that), a license (she didn't have the formal qualifications), or a lot of money to start up.

If you were in Yvette's place, what would your final list of business possibilities be? Be as creative as you can with her list of skills: with enough imagination, many of them can be turned into income-producing businesses.

WOMEN AND MINORITY ENTREPRENEURS 7:

WOMEN AND MATHEMATICS

When Tasha Jones was in first grade she was in the top math group in her class, and wanted to be an astronaut when she grew up.

In fourth grade she almost always got 100's on her math tests, and wanted to be a mathematician when she grew up.

In sixth grade she usually got 100's but sometimes got 90's on her math tests, and wanted to be a banker when she grew up.

When she was in ninth grade she usually got 90's but sometimes got 80's on her math tests and wanted to be an accountant when she grew up.

When Tasha Jones was in twelfth grade she was struggling hard to pass her math courses, and now that she was almost grown up she didn't know what she wanted to do.

1. Are women afraid of math?

2. What does math have to do with careers?

3. What does math have to do with owning a small business?

WOMEN AND MINORITY ENTREPRENEURS 8:

SARA GREENFIELD

Sara Greenfield has been sole owner of a wholesale plant business for eight years. She supplies decorative plants in quantity not only to plant shops but also to the managers of new office buildings who display them in the lobbies and offices.

She submitted what she considered a competitive bid for supplying 500 large plants to the McKendall Building, a new office building that will house a number of well-known companies in the downtown area. Now she is talking to Louis Fuller, an executive in the real estate company that is coordinating the interior decoration purchases for the building.

He tells her that he is impressed with her bid, but he is obviously doubtful about something. "How long have you been in business, Sara?"

Before she can answer, he continues, "You know that a lot of people who are new in business sometimes bite off more than they can chew. Look, I like you--you look like a nice girl--and I can see you're serious about this business of yours. I'd like to do you a favor. I've dealt with many plant suppliers in my job, and I've picked up a lot about the business. I'd be willing to come down to your store to check out your operating procedures. I could look at your management plan and your work schedule. I could take a look at your books, too, and show you how to keep them more efficiently. Most people would jump at this chance. What do you say, Sara?"

What do you say?

a. "If you are so concerned I won't be able to do the work, why don't you just say so?"

b. "I'd appreciate that very much, Mr. Fuller. When could you come?"

c. "I'd like that very much, but my partners would have to approve first."

d. "Who do you think you are, asking to look at my books? That's confidential information!"

e. "I'd be happy to send you a financial statement on my business."

f. "First of all, Louis, I'm Ms. Greenfield to you--not Sara."

WOMEN AND MINORITY ENTREPRENEURS 9:

D. BLACKWELL

Denise Blackwell owns a real estate agency. Read the description below and give reasonable answers to the questions.

1. Lives with spouse and two children
2. Friendly, sociable
3. Hardworking, puts in long hours
4. Comes from a poor background
5. Tall, with dark hair

Questions

1. How many people work for Denise Blackwell? _____ people
2. What is Denise Blackwell's salary? $_____ a year

WOMEN AND MINORITY ENTREPRENEURS 9:

D. BLACKWELL

Dan Blackwell owns a real estate agency. Read the description below and give reasonable answers to the questions.

1. Lives with spouse and two children
2. Friendly, sociable
3. Hardworking, puts in long hours
4. Comes from a poor background
5. Tall, dark hair

Questions

1. How many people work for Dan Blackwell? _____ people
2. What is Dan Blackwell's salary? $_____ a year

WOMEN AND MINORITY ENTREPRENEURS 10:

FINANCING

Minorities

"Though comprising approximately 17% of the population, minorities own fewer than 3% of the nation's businesses; furthermore, these minority-owned enterprises represent less than ½ of 1% of the nation's industrial and business capital."

Entrepreneurship and Venture Capital, by Clifford M. Baumback and Joseph R. Mancuso. Prentice Hall, Englewood, New Jersey, 1975. Page 299.

Women

In 1972, census information tells us, there were nearly nine million companies in America. Of these, 400,000, or 4.6% were owned by women.

In that year, the nearly nine million American companies earned 2,400 billion dollars. The companies that were owned by women had only eight billion dollars in receipts, or 0.3% of the total.

Data supplied by the Task Force on Women Business Owners, U. S. Department of Commerce, 1977.

One of the most common causes of small business failure is underfinancing. This is a problem that is particularly serious for women and members of minority groups, as the above figures show.

Few women and minority persons have early experience in managing a business, so they start their own often without knowing enough about financing. Few women and minority persons have enough money to start a business comfortably, so they are often obliged to seek larger loans than they can handle.

To start a business, a substantial amount of capital is required. This money is needed for initial expenditures:

- fixed assets--land, building, equipment, fixtures
- supplies and inventory needed to open the business and for working capital
- operating expenses--salaries, taxes, utilities, advertising, etc.
- merchandise replacements

Very few small businesses start life with all of this money in equity capital. To make up the difference, small business owners secure loans (or debt capital). This is especially true of women and minority entrepreneurs, since as a group they tend to have less equity capital to start with than white males do.

While debt capital is necessary, too much of it spells danger for the entrepreneur. With "shoestring" financing, the small business owner has insufficient cash reserves for an emergency or for unexpected expenses. Women and minority entrepreneurs who are short on capital, as well as others with the same problem, would be wise to search out additional sources of capital or to wait for a more solvent time to open.

MINI-PROBLEMS IN ENTREPRENEURSHIP

ETHICS
COMMUNICATION SKILLS
PROBLEM SOLVING
RECORD KEEPING
SELF-ASSESSMENT

Teacher Materials

1. MARIA WILLIAMS: small group discussion

This problem concerns Maria Williams, who raised her prices on an essential item because she temporarily had no competition. Teachers should guide discussions so that students think in terms of consequences of her action (both short- and long-term) and to help them decide how ethical her behavior was.

An interesting question you might want to ask students is whether Maria would be justified in increasing her prices as a means of controlling demand in a time of short supply. If so, does the situation described in the problem qualify as such a time?

Although there are no right or wrong answers, students should be able to think logically through the results of Maria's action and the effect of her action on customers, and should justify their ethical judgment.

2. MARIA WILLIAMS AND THE CUSTOMER: role play

Students are asked to play the role of Maria Williams and one of her customers in the situation described in the preceding problem. One or two role plays are to be done in any combination of attitudes listed:

customer:	Be furious	Maria:	Be stubborn
	Be persuasive		Be contrite
	Be resentful		Be surprised

3. EMPLOYEE OR PARTNER: class discussion

This problem calls for students to choose between being an employee and a partner in a business. In order to do this, they must identify what they need to know before they can make a decision. It will be helpful if you write their suggestions of what they first need to know on the blackboard. You may want to take each suggestion in turn and call for ideas about how one could find the necessary information. (For example, if a suggestion is: "Need to know what the likely demand for appliance repair will be," information ideas could include: call distributors or retailers of various brands of appliances to ask about their service needs; observe other repair shops to see how many customers they have, etc.)

4. SPIRAL NOTEBOOKS: pencil and paper exercise

This problem calls for students to calculate two different profit figures, one for selling notebooks at the regular price and one for selling notebooks at a sale price.

Answers:

Regular price:

250 bought @ $.31 = $ 77.50
250 sold @ $.59 = $147.50

Selling price	$147.50
Buying price	- 77.50
Gross Profit	$ 70.00

Sale price:

500 brought @ $.27 = $135.00
500 sold @ $.45 = $225.00

Selling price	$225.00
Buying price	-135.00
Gross Profit	$ 90.00

The student would place the next order for notebooks in bulk.

5. ODD JOBS SERVICE: individual written assignment

Given a choice of being a publicity person, a treasurer, a coordinator, or a worker in an "Odd Jobs Service," the student is asked to explain his or her answer in terms of individual talents and preferences in written form. Be sure that the problem is done individually and not in small groups, so that each student can choose from the full range of job options available.

In reading their papers, teachers should look for students' self-awareness of strengths and weaknesses, and for the extent to which their personal preferences are approximately matched with the job they choose.

6. POTTING MIXTURE: small group discussion

Divide the class into small groups, and ask them to discuss the situation of the plant store co-owner: should the co-owner agree to substitute vermiculite for some potting soil and peat as a money-saving device, even though the plants growing in this mixture won't thrive as well as in the regular mixture?

A point that should be expressed during discussion is that ethical considerations also apply to situations in which the entrepreneur stands to profit from an unethical action--partly because in most cases, the profit will last only as long as it takes for customers to realize they are being cheated.

7. LINE DRAWING: verbal pantomine

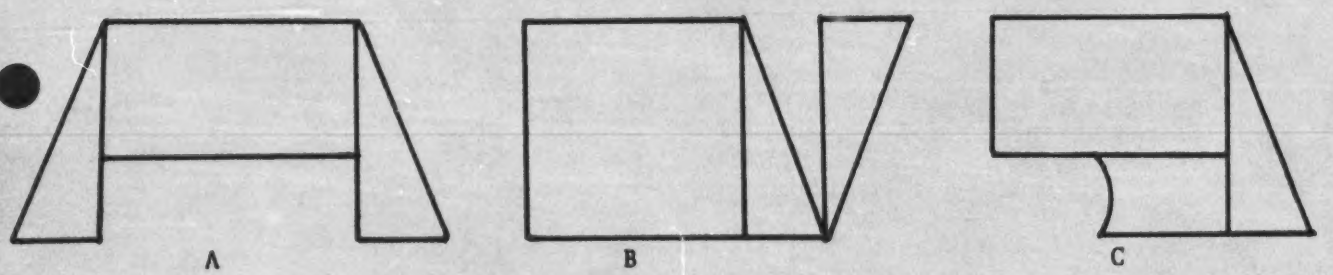
Below are three line drawings. Copy one of them on a blank piece of paper.

Ask a student to volunteer for describing the drawing to the class. The student may not show the drawing to the other students, nor use hand gestures. The other students are to draw the drawing according to the verbal description. Stress the importance of accurate communication: is it understood as intended?

You may want to do this exercise several times to give more than one student the opportunity to describe a drawing. If so, you can use the other two drawings provided here or make up others of your own.

An interesting variation is to have a second student describe the drawing that was just described by someone else, but without telling the class that it is the same one. The first member of the class to realize that the two are the same deserves real congratulations, as do the two student describers.

This exercise is harder than it looks; you might want to start with drawing A, the easiest of the three.



8. CHOOSING A COURSE: written exercise

Students are asked to decide systematically which of two attractive imaginary courses they would sign up for.

You can collect the students' answers for grading, or you can use them as the basis for a class discussion. Either way, look for a systematic analysis of the problem, procedural steps, and solution.

9. COUNT THE CUSTOMERS: brainstorming activity

In this exercise, students are to invent an efficient way to record needed information: the number of customers entering a store and the times of their arrival.

You will probably hear some imaginative solutions. This is to be encouraged. Stress that record-keeping techniques must satisfy two prime criteria:

- they record the needed information and only that information
- they are efficient to use, requiring as little effort of the record keeper as possible.

10. AMBITION: small group discussion

Students are asked to evaluate a statement about ambition in terms of its application to entrepreneurship and to themselves. Divide the class into groups of four or five to discuss the statement.

Be sure that all groups think carefully about the questions they are asked.

11. NED MULLER: class discussion

This problem can be discussed by the class as a whole, or in small groups, or as a written exercise.

The problem describes Ned Muller's inability to decide what to do about Rudy Painter, who has been a supplier for Ned's thermometer factory for thirty years, starting when the factory belonged to Ned's parents. Ned is torn between his loyalty to Rudy and the attraction of lower prices from other suppliers.

To spark discussion, ask students these questions:

- What, exactly, is the source of Ned's conflict?
- How many elements are there in this problem? (Three: sound business practice, Rudy's feelings and financial security, Ned's self-respect.)
- What are the advantages to Ned if he switches his account to other suppliers? The disadvantages?
- If you were Ned, what solution would you choose as the fairest to yourself?
- If you were Rudy, would this solution seem ethical to you?

NOTE: If any of your students seem especially interested in or moved by the problem described here, you might want to suggest that they read "Death of a Salesman" by Arthur Miller, a play about Willy Loman, an aging salesman, who is fired by his young employer.

12. HONOLULU TOY BUSINESS: small group problem

Divide the class into small groups to work out the problem.

Given the necessary facts, students are asked to decide between a toy business dealing in locally handcrafted toys, and one dealing in mass-produced toys.

Elements of the decision that should be considered are, largely:

- financial considerations (credit, profit margin, cost of goods)
- customer relations
- store's image
- businessperson's preference about nature of goods carried.

There is no single solution to the problem. Financially, it would probably be more difficult to deal in handcrafted toys, but mass-produced toys might involve problems with customer relations and the businessperson's pride in the goods he or she sells. Stocking both handcrafted and mass-produced toys might be possible, but a confusion in the store's image might result (which could, however, he countered by having an identifiable "handcraft corner" in the store which otherwise deals in mass-produced toys).

Suggest discussing the business owner's business goals, and measuring them against the advantages and disadvantages of mass-produced and hand-made toys.

13. BANK STATEMENT: pencil and paper exercise

This problem involves reconciling a luncheonette's checkbook register with the bank statement, and should be done individually either in class or as an outside assignment.

Aside from the arithmetic involved, there are three spots that might present difficulty to students:

1. Understanding how the bank statement is set up. Explain to students, if needed, that the transaction dates on the statement are different from the dates on the checkbook, and why. Make sure they understand that the balance figures on the right of the statement were obtained by subtracting the checks and withdrawal from the previous balance, and by adding the deposits to the previous balance.

2. Check #788 was not cleared by the bank by the closing date of the statement, with the result that the checkbook figure is $19 lower than the bank's figure. If your students need the hint, suggest that they look to see if all entries in the checkbook were cleared by the bank by the end of the month.

3. In the checkbook register, the businessperson has made an error of $100 in the calculation for check #786, with the result that the balance figure in the checkbook is $100 higher than it should be. Students will need to find the $100 error. The correct balance figures in the checkbook register, starting with the balance at the July 7 withdrawal, are:

$	230.00
	122.00
	62.00
	43.00
	455.00

Once the outstanding check and the arithmetic error have been accounted for, the statement and the checkbook figures match:

$	555.00	last checkbook balance
	+ 19.00	outstanding check #788
	-100.00	error at check #786
$	474.00	last statement balance

Point out to students that the importance of balancing a checkbook lies in catching errors of the sort presented here. Ask students what could have happened if the businessperson had not discovered the error. ANSWER: he or she would have written a check against the non-existent funds; would have bounced the check; this would have been bad for his or her credit rating; this would have been bad for relations with the "bounched" creditor.

14. QUALIFICATIONS: individual exercise

Students are asked to describe their own qualifications, present and expected in the future, for three occupations chosen from a list. The problem can be assigned as homework or done in class.

Discussion suggestions

When the exercise is completed, ask students if they found one kind of qualification emphasized in different ways according to the occupation (i.e., sociability is important in different ways in the occupations listed).

Ask if they felt reasonably qualified for occupations they nevertheless disliked. Why were the occupations disliked?

Ask if, on the contrary, they were interested in occupations for which they felt unqualified. Why were they interested?

Discuss qualifications: what kinds are there? (Possible answer: personal, or what you are; knowledge and skill, or what you learn. These are not necessarily mutually exclusive.)

The most important point to elicit is that the same person can be qualified for a number of different occupations because each person has a wide variety of talents and abilities to call on.

15. ALICE NILES: class discussion

Confronted with an electrical inspector who is soliciting a bribe for passing substandard wiring in the tavern Alice Niles is about to open, students are asked to decide what Alice ought to do. Essentially, Alice has to decide:

- The bribe: pay it or not.
- The wiring: fix it or not.
- City Hall: notify or not.
- The media: notify or not.

In discussion, be sure students include these elements in considering the problem:

- Safety factors (and the human, financial, and legal consequences of a fire in the tavern).
- Future contacts with this inspector and others.
- Alice's self-respect.
- Can you or can't you "fight City Hall?"
- Does it make a difference if most inspectors expect bribes or if very few do?

If you conduct the exercise in small discussion groups, have each group choose a spokesperson to present its conclusions.

16. CREDIT IN ALASKA: paired case study

Students are asked to choose between the roles of a store owner and a customer in a problem involving an insufficient credit rating for a charge account. Students should be paired for this exercise.

Point out the credit options open to the new department store:

- No credit to anyone
- Establish charge accounts
- Honor credit cards (which cost you dollars but reduces your risks)

17. LEONARD NESSMAN: brainstorming exercise

This problem asks students to devise a security system for Leonard Nessman, a watchmaker, to protect the watches he repairs while they are in his possession. The problem should be done by the class as a whole. As students suggest ideas, write them on the board.

Point out that many small security systems such as Leon's are based on the premise that the key to security is delay. Police wisdom has it that most burglars are afraid to take the risk of spending more than approximately 60 seconds in gaining entry. Students may therefore want to think of ways of delaying the burglar's entry. Encourage imaginative and innovative solutions to this problem: good security measures may or may not be expensive, but they must be effective.

After students have discussed possible security measures for Leon, ask them to suggest ways they could learn about actual security systems.

18. STEVE FOSTER: pencil and paper exercise

Students are asked to calculate Steve Foster's pay, based on information in a word problem.

ANSWER: Steve worked 3 + 5 + 6 hours = 14 hours, at $3.60 per hour, for pay before deductions of $50.40. The three deductions total $8.40 making his net pay $42.00.

19. MATHEMATICS: written exercise and/or small group discussion

Students are asked to write one or two pages on their feelings about mathematics, an important ability for a businessperson to have. As a variation, write their answers in note form as the basis for a small group discussion.

Evaluate them on the basis of logical thinking, on the accuracy of their perception of the importance of mathematics in a business career, and on how realistic their ideas for improvement in this area are.

20. "GENTLE INFERNO": small group discussion

Divide students into groups of three to five to discuss Herb's problem: whether or not to stock artificial fireplace logs characterized as "new and improved" to justify their higher selling price, even though the changed formula actually results in lower production costs to the manufacturer than the old logs did.

Concepts that should be covered in discussion are:

- The role of product design in influencing sales
- Value for money: what constitutes cheating the customer?
- The effect of inflated prices on the economy as a whole, and whether Herb's choice makes a difference.

21. TABLE RADIO: written exercise

Students are asked to segment the market for an elaborate table radio and to write newspaper advertisements for three market segments as an exercise in adapting a message to the circumstances of several types of readers.

Among the possible ways to segment the market for the radio, there are:

- The bargin hunters: discount selling price, save money on records by taping music from radio
- The tone quality enthusiasts: excellent tone quality, treble and base controls
- The shortwave hobbyists: two shortwave bands
- People who like classical music and public affairs programs
- People who like popular music and talk shows
- People who want a radio that is beautiful and made of fine materials (polished mahogany)

All segments, however, must be relatively affluent in order to be able to afford the selling price.

22. THE "PET ROCK" PROBLEM: ingenuity exercise

Following the edifying examples set for us recently by the creators and promoters of "Pet Rocks," "Pure Vermont Bottled Air," and "The Nothing Book," students are asked to develop a promotional campaign for an equally useless item: leaves.

If some students would find this problem too difficult to solve on their own, they can work on it in groups of two to four. When they are ready, write their ideas on the board and suggest that business success can turn on an entrepreneur's ingenuity. You may want to ask them for examples of other improbable business ideas that turned out to be successful.

23. KUMQUATS: class discussion

Students are asked to devise a marketing research system to find out whether grocery customers would be interested in buying unusual and exotic foods. Because the products are unfamiliar to most customers, students will need to create a system that achieves these goals:

- explains what the food is, how it's eaten, etc.;
- assesses customer's willingness to buy;
- distinguishes between customers who say "yes" and mean "yes," and those who say "yes" and mean "maybe."

You might want to point out that an Exotic Foods Promotion might be good for the grocery store's business in other ways.

The problem can be discussed by the class as a whole, or written as individual assignments.

24. DRAMA IN THE LAUNDROMAT: mock trial

Students are asked to put themselves in the place of the owner of a laundromat who has discovered that an employee has been stealing, and to decide what they would do about it.

Ask three students to volunteer as "judges" for the mock trial, one student to be the owner, and one student to be Larry. Larry and the owner will "plead" their cases in their own behalf. Allow the judges as a group, Larry, and the owner a few minutes individually to prepare for their roles. Tell them that they may add to the facts in the story but not change them.

After the "trial" has been completed, here are some points you might want to bring up:

- Larry's motive for stealing was not specified in the story. Was this a stumbling block in deciding what to do about him?
- Do you think all employees who steal, regardless of motive, should be reported to the police?
- Could the stealing have been avoided?

25. BILLBOARD: class discussion

Students are presented with a problem concerning a billboard that is advertising a hotel. In unreadably small print at the bottom are conditions that effectively double the price of the room. Students are asked to decide if this is an ethical promotional device.

Questions that should be covered in discussion are:

- What is the extent of the businessperson's obligation toward the consumer in this case?
- Has the obligation been met?
- Can you think of examples where business people and consumers might disagree about whether a business practice is ethical?

26. PAPER AIRPLANES: language reduction exercise

This exercise calls for students to write instructions for making a paper airplane, and stresses clarity, conciseness, and accuracy of written language.

There will probably be some students in the class who don't know how to make a paper airplane, or have forgotten. You should therefore choose one student to teach the others how to make it first. All students should be sure how to fold the airplane before they start to write instructions.

If folding a paper airplane is too complicated for some students, you may want to ask them to write instructions for something simpler (to be devised by you, by one student for the whole class, or by individual students for themselves).

Have fun flying the planes!

27. DOOR-TO-DOOR SELLING: strategy exercise

Students are asked to figure out how to repair the damage that has been done to a part-time cosmetics business selling door-to-door, due to customers' suspicion of door-to-door salespeople.

Students may find it helpful if you structure their approach to a solution somewhat: first they should decide the content of their message to consumers; this decision will influence the means they choose to get the message across.

You may prefer to have the problem discussed by the class as a whole or in small groups, or to have solutions written out individually.

28. RECORD KEEPING: class discussion/optional written exercise

Students are asked to devise an inventory system for a clothes resale shop. The requirements for such a system are:

- It must be accurate (i.e., it must record the consignor of each item of clothing sold, the date of sale, and the selling price);
- It must be time-efficient at the point of sale;
- It must enable the owner to total the money owed to each consignor efficiently and accurately;
- It must enable the owner to keep an accurate and efficient account of the proceeds that belong to the business;
- It must be workable for as many as 200 different consignors.

After students have considered possible solutions, you may want to ask them if there are any low cost, "automatic" systems they could devise, such as a detachable part of the price tag precoded according to consignor and price.

The problem can be done simply, that is, limited to a discussion of possible recordkeeping systems, or may be extended to include the actual design of a system.

29. CHECKLIST EXERCISE: class discussion

Students are presented with a checklist of characteristics, some of which are considered to be essential traits of successful businesspeople. Students are asked to rate each characteristic first in terms of how important it is for a successful businessperson, in the abstract, and then in terms of themselves.

After students have completed the checklist, you could begin discussion by asking the following questions:

- Are there any characteristics you rated as not important for a successful businessperson? Why?
- Are there any characteristics you think a businessperson should not have?
- If you rated a characteristic as important to have but felt you don't have it, what can you do about this contradiction?

30. VINCENT MARTINO: small group discussion

Having come upon hard times, Vincent Martino, the owner of a small factory making metal garden rakes and hoes, had decided to cut his own salary and that of his 25 employees by 10 percent as a means of regaining financial stability.

One way the students could assess the ethics of Martino's decision is to consider if he could have chosen a better alternative. Ask them to propose such alternatives.

31. ADVERTISING COPY: group presentation

Divide the class into groups of four students. After choosing a product to be advertised, group members will prepare several kinds of advertising individually and then present them to the group.

After completing the exercise, ask students for explanations of why the messages about the same product were so different. Elicit the idea that the nature of communication varies according to the purpose and medium of the message.

32. JUST FOR FUN: brainstorming exercise

The problem is to devise methods of estimating the height of a tall building without using surveying equipment. As students call out suggestions, write them on the board, the good ones along with the not-so-good ones (it is important not to break the flow of ideas in a brainstorming exercise). Although the problem is not related to entrepreneurship, it is excellent for stretching the imagination, a trait important in entrepreneurship.

Possible methods: count the stories, estimate the room height and the thickness of the ceiling/floor material, and multiply by the number of stories in the building. With an accomplice standing on the sidewalk and holding a stopwatch, you drop an object from the roof (calling out as you let go); the accomplice measures the time it takes for the object to fall; and you complete the formula $D = 16\ t^2$ (where D is distance in feet and t is time in seconds). You ask the superintendent. You walk up the stairway, measuring with a yardstick all the way. Et cetera.

33. CREDIT CARD: paired exercise

Divide the students into pairs, and ask them to work out the problem together. The owner of a farm supply company has begun credit card service, and despite raising selling prices to cover the cost of the service the owner finds that profits have nevertheless decreased.

What went wrong is that the owner used the wrong sales revenue figure. The credit card company gets 3 percent of the sales revenue, which is no longer $100,000 but is now $103,000. Three percent of $103,000 is $3,090, which explains why the owner has lost $90.

If the students are stumped, given them a hint: How much did the owner of the farm supply company pay to the credit card company?

Even if none of the students figure out the correct answer (it is a difficult problem), the exercise is valuable in pointing out how easy it can be to take a step whose consequences you don't foresee.

34. EMPLOYEE TURNOVER: brief essay

Students are asked to address in writing a problem in which they, as gas station owners, are faced with high employee turnover.

When you read their papers, look for the extent to which their method of dealing with the problem represents a constructive and effective way of solving the problem. In particular, does the response indicate awareness of, and sensitivity to, employer-employee relations?

35. RELATIVES: dramatization

Choose three students (or ask them to volunteer) to act out the roles of Jackie Jones, Alan Roberts, and David Roberts. Give them time to read the "plot," printed below. Since the plot is not included in the student materials, these students should describe the situation, both past and current, to the other students as part of the dramatization.

You may choose to have the three students act out the situation to a resolution of the conflict, or have them act it out only for the purpose of presenting the conflict. In the latter case, class members should be asked to propose resolutions that are as fair as possible to everyone.

In either case, class discussion should elicit the idea that the hardest conflicts to resolve are those in which both sides have a measure of justice in their claims.

PLOT

Jackie Jones, owner of a diaper service
Alan Roberts, her brother-in-law
David Roberts, Alan's son

Jackie Jones has owned her diaper service for the past two years. Until now, she has been leasing her fleet of five vans which pick up and deliver diapers at the homes of newborn babies. She has recently done a cost analysis, and has concluded that it is more economical to replace the leased vans with ones she purchases. Soon, the business will own all vans in the fleet.

Because Jackie comes from a large and close family, it was natural to ask them for help when she first started the business. Alan Roberts, her brother-in-law, lent her $5,000 out of his savings. What's more, insisting that relatives shouldn't make a profit on each other, Alan only let her pay as much interest as he would have received from his savings account. This was much lower than Jackie would have had to pay on a bank loan.

Alan's son, David, is now 21 and is looking for a job. He's a nice person, but has had several traffic tickets: mostly meter violations but also tickets for speeding and running red lights. David says he intends to be more careful.

Alan and David arrive at Jackie's office today with the intention of asking her to hire David as the driver of the first van Jackie purchases.

36. SYLVIA MESSER: role reversal

Divide the students into pairs, and ask them to read about the situation involving a customer's complaint. Each pair will role play the situation twice, reversing roles the second time through.

In introducing the role reversal exercise, suggest that it is important to preserve the customer's good feelings as much as possible, while at the same time being careful not to sacrifice Sylvia's legitimate concerns.

After the role reversal, ask students if they think their feelings about the situation, or the way in which they expressed those feelings, seemed different depending on the role they were playing.

37. LIMITED RESOURCES: calculation exercise

Given a limited amount of money and large debts and expenses, the students are asked to decide what the owner of a window washing service must pay immediately, what should be paid within the month, and what may have to be postponed for a while.

Immediate payment:

Current Debts:	employees' salary	$1,500
	rent	200
	loan payments	175
Upcoming Expense:	new scaffold (safety factor)	75
		$1,950

Since the entrepreneur has $2,100 cash on hand, he or she can take $150 in salary now and take the remaining $100 in two weeks.

Payment in 2 weeks

Current Debts:	window washing supplies	$ 50
	utilities (will need to pay interest)	100
	telephone (will need to pay interest)	20
Upcoming Expenses:	bookkeeper	50
	another telephone	20

Postpone until later

Upcoming Expenses:	truck servicing	$ 100
	office painting	350
	new squeegees	50

The figure of $2,100 was derived from adding payments that needed to be made immediately, and adding to this figure $150 (to illustrate the fact that an entrepreneur sometimes has to delay paying himself or herself when money is tight). The remaining items can be rearranged in the "2 week" and the "postpone" categories, if you--or the students--prefer. However, you should elicit from students their reasons for placing an item in any category.

Explain to students that they have established priorities among competing demands on their resources. Entrepreneurs often need to make such compromises, and it is important to decide them thoughtfully and carefully.

38. PRINTING AND BOOKBINDING: calculation exercise

Students are asked to calculate savings for purchases in bulk, to factor in fixed monthly expenses, and to decide if it is more economical to use a large room for storage or for an income-generating printing press in a printing and bookbinding business.

If necessary, review this example with students to show them how to figure out savings:

Heavy paper stock in bulk (100 sq. ft.)	$1,600
Heavy paper stock, regular price (25 sq. ft.)	500

To find savings, $500 (25 sq. ft.) x 4 = $2,000 (100 sq. ft.).

However, there is a discount for bulk of $400 ($2,000 - $1,600 = $400).

Savings are therefore $400 for that item.

The savings for each item in the problem are:

Paper	$ 400
Ink	400
Cardboard	200
Glue	200
Linen Tape	600
TOTAL	$1,800

Since the printing press would generate only $1,000, and $1,800 could be saved through purchasing in bulk, the room is now a storage room.

39. NICK REGGIO: case study

Nick Reggio, with his wife's consent, used their house as collateral to obtain a bank loan with which to open a camera store. He went bankrupt primarily because he tried unsuccessfully to push himself past the limits of his physical and emotional endurance.

To discuss the case study and the questions based on it, you can divide the class into small discussion groups or the entire class can discuss the case study together.

In the discussion, elicit these points:

- Nick had prepared thoroughly for his business, both in terms of knowledge of cameras and of careful business planning.
- On this basis, risking his home was not a foolhardy thing to do.
- Nick had not thought very much about how the business would affect his life, nor about whether he would be equal to its demands on him.
- Nick gave up a great deal for his business: family life, friends, time to relax, time to forget the responsibility of the business once in a while.

40. "A NEW DAY": paired exercises

Profits in "A New Day," a career counseling business, have increased substantially in the five years the company has been in business. Owners Anita Lanning and Dave Jacobs must now decide if they will continue to keep all the profits of the business as a return on their investment, or if they will set up a profit-sharing plan for all employees.

Students are asked to consider both the business and ethical ramifications of each alternative in making a decision. Divide them into pairs, with one student representing Anita or Dave and the other representing an employee. Each pair is to decide whether the owners should continue to keep all the profits or whether they should institute a profit-sharing plan. When all pairs have reached their decision, ask them to report it to the class.

In the discussion which follows, you may want to ask students these questions:

- Who has a right to the profits?
  - -- The owners? Why?
  - -- The employees? Why?
- How would the employees' job satisfaction be affected by each alternative decision?
  - -- Is this important?
  - -- What would the long-term consequences be?

- How would the owners' job satisfaction be affected by each alternative decision?

  -- Is this important
  -- What would the long-term consequences be?

41. TRICYCLES: role play

A manufacturer of metal tricycles is forced to go out of business in response to changing consumer demands. With his or her classmates acting as employees, have one student announce the decision to them. The "employees" should be instructed to play their roles, too. They should ask the questions and make the statements that newly laid-off employees would naturally be concerned with.

You may find it sufficient to do this exercise once, or you may want to do it more than once if some students feel they would have handled the meeting differently.

42. BEVERAGE BUSINESS: consequence analysis

Students are asked to propose advantages and disadvantages to the idea of expanding a drive-through beverage business to an additional location. Among the disadvantages proposed should be shuttling back and forth between the two locations and the possibility of heavy snow in the mountains affecting business. Among the advantages should be, of course, the likelihood of increased profits.

You may want to ask students to draw up lists of advantages and disadvantages individually or in small groups, or you can have the class as a whole brainstorm for ideas. Write the headings "Advantages" and "Disadvantages" on the board as a means of structuring students' answers.

43. DRUG STORE CHAIN: information efficiency problem

Students are asked to decide which information needs would benefit from uniform recordkeeping systems among a chain of ten drugstores, and if there are any records best kept on an individual store basis.

At the simplest level, students can propose recordkeeping categories (e.g., inventory, financial, personnel, etc.) and then decide whether each is best kept uniformly or individually. To make the problem more complex, and more of a review of the curriculum as a whole, students can detail the information within each category (e.g., personnel: hiring records, salary records, performance records, medical information, etc.).

The problem can be done in written or oral form. If the latter, it can be done in small groups or by the entire class.

44. WHAT NEXT?: essay or class discussion

Students are asked to think about how they would feel about opening a new business on the heels of the failure of their first business, a gift shop, after only eighteen months of operation.

This problem can be done in written form or as a class discussion. Expect a variety of responses: depending on student's personalities, experiences and expectations, decisions to start another business (to prove oneself, because one has profited from mistakes, etc.) or not to (failure was too exhausting or demoralizing, one isn't suited to entrepreneurship after all, etc.) are reasonable.

45. MEG WALLACK: case study

This problem concerns Meg Wallack, a salesperson in a men's and women's clothing store, who achieves an excellent sales record by using a high-pressure personal selling technique. Students are asked to decide if this technique is acceptable or not. A full class discussion would be appropriate.

Questions that can be asked in the discussion include:

- Who could potentially stand to lose by unfair selling practices? (The owner, who could lose business from customers' reluctance to patronize the store; the customer, who could be pressured into spending more than he wanted to or could afford; the salesperson, who could be fired if her employer disapproves strongly enough of the selling practices.)
- Is Meg's sales technique actually unfair to the customer? If so, how? If not, why not?
- If you were Meg's employer, would one of the two statements given at the end of the problem express your response accurately, or would you have a different response?

MINI-PROBLEMS IN ENTREPRENEURSHIP

ETHICS

COMMUNICATION SKILLS

PROBLEM SOLVING

RECORD KEEPING

SELF-ASSESSMENT

Student Materials

MINI-PROBLEMS

1. MARIA WILLIAMS

Maria Williams owned a general store in a small town along the Mississippi River. One year the town was flooded by the heavy spring rains that caused the river to overflow its banks. The town was completely cut off from the rest of the area for two days, since the electricity was out, roads were under water, and heavy winds and rain made helicopter transport dangerous.

Realizing that she had the only supply of candles in town, Ms. Williams tripled the price she charged customers for them, although the cost to her for the candles had not changed.

a. What short-term consequences of her action were likely?

b. What long-term consequences of her action were likely?

c. Was her action ethical?

2. MARIA WILLIAMS AND THE CUSTOMER

Student #1: You live in Maria Williams' town at the time of the flood. You manage to get to her general store to buy candles for your electricity-less home, only to discover that Ms. Williams is now charging triple the ordinary price.

Student #2: In the role play you will take the role of Maria Williams.

3. EMPLOYEE OR PARTNER

You have experience selling and repairing electrical appliances, and are looking for an income. There is a job open with a large radio factory as manager of its service department. The job pays $175 per week. You have also heard that a one-person appliance repair shop is expanding and the owner is looking for a good partner. The owner can only guarantee you $125 per week until volume increases substantially.

a. What would you need to know before you made a choice between these two options?

b. Which option would you choose?

4. SPIRAL NOTEBOOKS

You own a stationery store and sell many spiral notebooks. The cost to you of a notebook is $.31, and you sell the notebook at $.59. This week you sold 250 of them, which is the number you sell in an average week.

The supplier tells you that if you order notebooks in bulk (500 or more), she will give you a special price of $.27 each. You order 500 and run a sale on spiral notebooks for $.45. You sell out all 500 within a week.

The following week, the supplier wants to know if you will order notebooks in bulk again. Your answer depends on how much gross profit you made each way. Figure out your gross profit at the regular price and at the sale price, and decide how to place your next order.

5. ODD JOBS SERVICE

You are forming an "Odd Jobs Service" with ten friends, with the goal of making money by running errands, raking leaves, cleaning out garages, and so forth. The group will need to divide up these tasks:

- publicity person: writes and places ads
- treasurer: handles the money, send the bills
- coordinator: coordinates job assignments among the eight workers

The eight other members of the group will be the workers.

Question: Would you rather be the publicity person, the treasurer, the coordinator, or a worker?

Explain your answer in writing, in terms of your individual--and realistic--talents and preferences. Include your reasons for rejecting the jobs you did.

6. POTTING MIXTURE

You are co-owner of a plant store. You and your partner earn a reasonable living from the business, even if you do have to spend long hours in the greenhouse and the store. Your partner is responsible for the greenhouse, while you are in charge of retail sales.

Greenhouse plants are sold in pots containing a potting mixture made of 1/3 potting soil (providing the nutrients to the plant), 1/3 vermiculite (providing drainage so the roots don't sit in water), and 1/3 peat (absorbing water so the plant doesn't dry out too fast). Your partner mixes these three ingredients in a large tub every week. The mixture is balanced so that plants get enough nutrients and water. Vermiculite costs you much less than the peat and the potting soil.

One day, your partner proposes that instead of using equal amounts of the three ingredients, he could mix up a potting mixture of ½ vermiculite, ¼ potting soil, and ¼ peat. Since you would use less potting soil and peat this way, he figures you would save about $50 per week.

"After all," he says "most of the customers don't know enough about plants to see the difference, and the ones who do will know to water them more often to keep them from drying out."

a. If you put your partner's suggestion into effect, what might the short-term consequences be?

b. What might the long-term consequences be?

c. Is your partner's suggestion ethical?

7. LINE DRAWING

There are no student materials for this problem, except blank paper and a pencil.

8. CHOOSING A COURSE

Problems often seem to cry out for quick solutions tempting us to make decisions too quickly and without enough thinking. So it's not surprising that what seemed to be a good solution at the time can turn out to be a bad one.

To use an example, let's say the problem is that you have time next semester for one more course. Imagine any two courses that you would find very interesting and would like to take.

COURSE_____

COURSE_____

How would you decide which course to sign up for? Write down the steps in your thinking.

9. COUNT THE CUSTOMERS

Your business has become very successful lately, and this has created a problem: you and your spouse are the only ones who wait on customers, and you are beginning to realize that you now have more customers than the two of you can handle. You will need to hire an assistant.

It seems to you, however, that very few customers come in at some times of the day, while at other times the store is full. It would be foolish to hire an assistant full-time if you only need one part-time. It's important that you know how many customers come in, and at what time during the day, so that you can decide what working hours to set for the assistant.

Invent a method for counting the customers that will also record their times of arrival. Remember that your method must be inexpensive, and must also be easy to use: when the store is full of customers you don't have the time for complicated recordkeeping.

10. AMBITION

"It is essential for all entrepreneurs to be extremely ambitious."

What does it mean for an entrepreneur to be ambitious? Is the statement true? Are you ambitious?

11. NED MULLER

Now that Ned Muller's parents have retired, he has become the owner of their thermometer factory, which manufactures laboratory and dial thermometers. He's certainly no stranger to the business: when he was three years old he "helped" his parents by sorting big and little paper clips! After high school, of course, his work became more important.

For thirty years, Ned and his parents before him have purchased tubes (glass and metal capillary tubes), dials and cases (aluminum, brass, and stainless steel cases) from the same supplier, Rudy Painter. Although the Muller family only saw Rudy in connection with business, thirty years of doing business together built up a friendship and warmth they all enjoyed. Rudy is 61 now, and doesn't plan to retire until he's 68.

These days, when Rudy makes his monthly visit to take the order for new supplies, Ned is troubled.

Ned has received catalogs from large-scale suppliers of thermometer parts with prices about 10% lower than those Rudy offers. "It isn't as though the business is barely scraping by," thinks Ned. "I could afford to keep paying Rudy his prices until he retires. But on the other hand, there are a lot of things I could do with the extra money. But you can't treat people like old shoes, and throw them out when they get worn. On the other hand, it's just bad business to buy high when you can buy low. Still, we've dealt with Rudy for thirty years--and where could he get an account to replace me, at his age?"

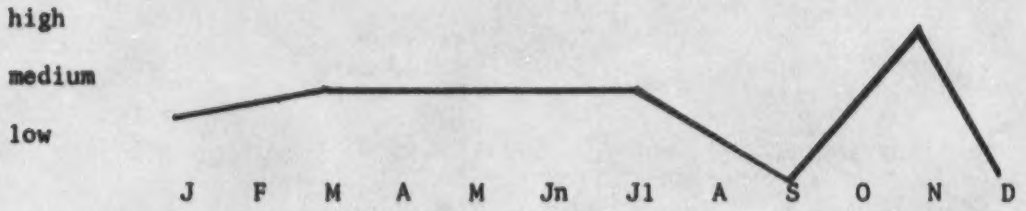
What would you do in this situation?

12. HONOLULU TOY BUSINESS

You are making plans to open a toy business. You have found a location for the store in downtown Honolulu. Since people from all over the city shop there, the customers' income level is quite varied.

You have asked questions of several toy store owners, and have found that they generally agree on the levels of business volume throughout the year:

SALES



You have analyzed the toy business in Honolulu, and have decided that there is room in the existing market for a business selling either low-priced, mass-produced toys or one selling handcrafted, relatively expensive toys.

After asking more questions, you discover that businesses dealing in handcrafted toys made by local craftspeople have these characteristics:

- immediate payment to craftspeople required at time of purchase
- toys are durable, strong, made of good materials, often beautiful
- toy selection is rather limited
- customers are usually well pleased with these toys
- the cost to you, and therefore the selling price, is high compared with mass-produced toys
- moderate profit
- custom-made toys can be ordered
- all orders must be placed 3 months in advance

Businesses dealing in mass-produced toys manufactured in factories all over the United States and purchased from distributors in Hawaii have these characteristics:

- 90 day credit available
- some toys (most low-priced ones and some medium-priced ones) break easily
- materials for some toys are low-quality plastic and cardboard; for other toys, very good materials
- large toy selection
- when toys break quickly, customers complain
- price range varied, from quite inexpensive to very expensive
- high profit
- custom-made toys not available
- orders normally placed 2 weeks in advance; overnight rush orders possible.

Now that you have all the facts, decide what kind of toy business you will have.

13. BANK STATEMENT

The July bank statement has arrived. This should be an easy one to balance since the checking account was used only during the first week of the month. Your business was closed during the last three weeks of July when you were on vacation. Since you are the sole owner and worker in your luncheonette, it closes when you are not there.

Does the bank statement balance with your business checkbook register? If not, where's the error?

BUSINESS CHECKBOOK REGISTER

Date	Check No.	Check issued to (or deposit made)	Amt. of check (subtract)	Amt. of deposit (add)	BALANCE 450.00
July 1	783	Restaurant Paper Supplies, Inc.	72.00		378.00
July 1	784	Texas Beef Company	300.00		78.00
July 2	-	Deposit (Daily)		135.00	213.00
July 3	-	Deposit (Daily)		85.00	298.00
July 5	785	Anaheim Edison Co. (electric bill)	23.00		275.00
July 7	-	Withdrawal (Petty Cash)	45.00		230.00
July 7	786	Anaheim Food Warehouse	108.00		222.00
July 7	787	First Nat'l Bank (Loan payment)	60.00		162.00
July 7	788	Herb's Hardware (2 pans, Spatula)	19.00		143.00
July 7	-	Deposit (Daily)		412.00	555.00

BANK STATEMENT FOR JULY

Date of Transaction	Amount	Type of Transaction	Balance
		PREVIOUS BALANCE	450.00
July 2	135.00	Deposit	585.00
July 3	300.00	Check	285.00
July 3	85.00	Deposit	370.00
July 7	45.00	Withdrawal	325.00
July 7	412.00	Deposit	737.00
July 8	72.00	Check	665.00
July 10	108.00	Check	497.00
July 25	23.00	Check	474.00

14. QUALIFICATIONS

Choose any three of the occupations listed below, and describe your qualifications for each occupation you choose. If you prefer, take two occupations from the list and choose one of your own invention. Be (reasonably) honest in describing your qualifications, which can be ones you possess now or ones you realistically expect to possess in the future.

Owner, real estate agency (with a staff of 10 salespeople)

Inventor (and salesperson for your inventions)

President, bank in a small town

Teacher of business subjects, high school or post-secondary school

Salesperson, advertising department of Time Magazine

15. ALICE NILES

Alice Niles had planned and saved for years, and she was finally able to rent a building to start business. Since part of her careful planning had involved working in several taverns while she saved the money she needed, she was almost an expert in the tavern business by the time she could afford her own. In fact, the loan officer to whom she submitted her loan application told her that she was far more knowledgeable about her business than most first-time applicants he had seen.

The building Alice had chosen for her tavern was far from perfect, and she knew it. It was very dirty, but her friends had offered to hold a "clean-up" party as their present to her--they would help her scrub the floors, windows, and walls, and would also put up the wood paneling she had gotten at a discount from a relative in the lumber business. The building had adequate plumbing facilities, and she had bought a long counter, bar stools, tables, and chairs second-hand from a tavern owner who was going out of business.

The most serious problem with the building, however, was the electrical wiring. With only three outlets in the entire large room, Alice knew she'd have to pay an electrician to rewire the tavern--otherwise the electrical circuits would be overloaded, and with all the wood in the place the tavern would be a firetrap.

Because Alice was sure that the rental was so low because of the dirt and the poor wiring, she didn't mind the cleanup and the electrical work.

When the city electrical inspector arrived, he strolled silently around the room. "Only three outlets in here," he observed.

"I know," said Alice. "I wanted to ask you what rewiring I should have the electrician do, because I realize it can't pass inspection with the wiring like this."

"Oh, I don't know about that. For $100 I could look the other way."

1. What could Alice do? What are the consequences of each course of action she might choose?

2. What should she do? Why is this the best of the choices open to her?

16. CREDIT IN ALASKA

Directions to students

Read the following descriptions and decide who will be Student A and who will be Student B. Talk out the conversation that results from the descriptions.

When you have completed your conversation, Student B should identify Student A's goals, which were probably unspoken, in the conversation; then Student A should do the same concerning Student B's goals. Were each person's goals understood by the other person?

When this part of the exercise has been completed, decide together if either of you would change your goals, or if you would conduct the conversation differently if you had another chance. If so, why?

Student A

You are the new owner of a small department store in a town in Alaska. As your business is still not solidly on its feet, you cannot afford to extend credit in the form of charge accounts to everyone who asks for them. You have therefore decided to accept as credit customers only people whom your local credit bureau considers to have the highest credit rating.

Unfortuntely, Student B's credit rating, while good, is not at the level you require.

Student B

You are glad a department store has opened in your town in Alaska--before, you had to drive 30 miles each way when you had department store shopping to do.

Although you don't make a lot of money, you have a steady job and consider yourself financially reliable. You have no idea what your credit rating is.

To make shopping at the new department store more convenient, you have filled out an application for a charge account. You are sure there will be no problem, because you had a charge account at the department store you shopped at before and you usually paid your bills on time.

17. LEONARD NESSMAN

Leonard Nessman is a self-employed watchmaker, who has a watch repair shop in his home. All of his five accounts are jewelry stores, which once a week send him the watches that customers have brought in to be repaired. This arrangement suits the jewelry stores, which don't have enough watch repair business to justify hiring a full-time watchmaker and buying all the precision tools and machines needed to fix, clean, and test watches. It also suits Leonard, since he enjoys working at home and spending more time with his family than most working people are able to do.

Leonard lives in a large city whose crime rate has been steadily increasing over the years. Many of the watches he repairs are quite valuable and he is financially liable for them while they are in his possession, so he

has gone to a great deal of trouble to protect them. Leonard keeps the watches in a safe which has been cemented into the wall of his shop and concealed behind a permanent-looking bulletin board. He pays $100 a year for $10,000 worth of insurance on the contents of the safe; he would be willing to pay more for insurance since $10,000 is often insufficient to cover the value of the watches, but insurance companies refuse to sell him more. They say the risk of theft is too great, in spite of his safe.

Leonard has considered signing up for an electronic alarm system, but this system costs $600 per year (for the equipment, a staff to monitor it, and direct phone lines to police stations)--almost half of his annual savings.

However, after an evening he and his wife recently spent out, Leon wished he had signed up for the electronic alarm system. Burglars had broken into the house, chopped through the locked door to the shop, and chiselled the safe out of the wall. They had somehow managed to carry away the 300-pound safe containing $15,000 worth of watches.

The insurance company paid $10,000, and the jewelry stores generously offered to pay half of the remaining $5,000 debt. Nevertheless, with $2,500 to pay, it was a serious financial setback for Leonard.

Now Leonard has to decide what to do to improve security for the watches he repairs. Figure out security measures for Leonard which, if possible, fulfill these conditions:

- reasonably reliable
- affordable
- would not make Leon feel like a prisoner in his own home

18. STEVE FOSTER

Steve Foster worked 3 hours on Monday, 5 hours on Wednesday, and 6 hours on Friday. He earns $3.60 an hour. By looking up the figures in tables, you know that $2.90 should be deducted for Social Security (you as his employer pay an equal amount, but your Social Security contribution for Steve does not come out of his check), $4.15 should be deducted for federal income tax, and $1.35 should be deducted for state income tax.

Calculate Steve's net pay for this week.

19. MATHEMATICS

How do you feel about numbers?

Some people think that being good at mathematics is something one is born with, others think it's something one learns how to do, and still others think it's a combination of both.

Some people work with numbers as easily as they use words, while others get nervous at the sight of a column of figures.

Write a page or two on how you feel about mathematics. Does it come easily to you, or is it hard for you? Did you enjoy it in elementary school, or dislike it? Do you find you enjoy or dislike it more now than when you were a child? How important do you think mathematical ability is for a career in business? If you're uncomfortable with numbers, do you have any ideas about how to become less so?

20. "GENTLE INFERNO"

Herb carries "Everburn" artificial fireplace logs in his hardware store. Made primarily out of wax and spruce sawdust, the logs sell well at $1.19 each to people who don't have storage space for wood or who don't like the mess and bother of making wood fires.

Being an observant person, Herb has noticed that customers tend to buy products more frequently when they are identified as "new" or "improved." He is therefore not surprised when the sales representative of the artificial log manufacturer tells him that her company is putting out a new log called "Gentle Inferno," to be sold in competition with their "Everburn" product. The package will read "NEW IMPROVED SECRET FORMULA!" the rep tells Herb, and the log will sell for $1.29, although the price to him will continue to be $.75, like "Everyburn's."

Herb thought for a moment. "I'm sure it's kind of you to pass all the extra profit on to me," he said, "but I have a hard time believing your company is that generous. What's the real story?"

The sales rep smiled and said, "Well, the real story is that we'll be using pine sawdust for the "Gentle Inferno" logs. Pine burns just as well as spruce, but we can get it cheaper. So we're happy because we make more profit on lower costs; you're happy because you make more profit on a higher selling price; and customers are happy because they get a "new improved" product for the extra money. It's good for everybody."

If you were Herb, would you order "Gentle Inferno?"

21. TABLE RADIO

You own an audio business, selling mostly radios and some tape recorders. You recently were able to buy a shipment of AM-FM table radios at an unusually low price, and now you need to decide how you will sell them.

Normally, these radios retail for $169.95, but you will be able to sell them for $129.95. As the price indicates, they are of much better quality than the ordinary table radio.

The case is made of polished mahongany, and there are treble and bass tone control knobs. The tone quality of the radio is excellent. In addition to the AM band, which has many popular music and talk show stations, and the FM band, which has many classical music and public affairs stations, the radio also has two shortwave bands that receive shortwave broadcasts from up to 5,000 miles away. There is a jack for tape recorders, to enable one to record programs directly from the radio without room noise.

A. Segment the market for ~~this~~ radio. What might be the characteristics of <u>three</u> different market segments?

B. On the basis of the three markets you have just identified, write three newspaper advertisements appealing to potential customers in each market segment. Be sure to keep the characteristics of small market segment clearly in mind as you write the advertisements.

22. THE "PET ROCK" PROBLEM

You have probably heard of "Pet Rocks," ordinary stones packaged with instructions on how to "train" them, which were popular several years ago as a fad. The creators of "Pet Rocks" made a lot of money.

You may have heard of "Pure Vermont Bottled Air," too. Some people corked empty bottles somewhere in Vermont and sold a number of them to customers who evidently missed the good old days when air smelled good! Then there was a person who published "The Nothing Book," with the title and the author's name on the cover of the book and on the title page. All the other pages were blank: "nothing."

It would seem that just about anything can be sold, if it is packaged and promoted with enough imagination.

Following this line of reasoning, suppose you live in a northern state where there are a lot of deciduous trees: oak, elm, maple, and so on. Every autumn, huge amounts of leaves fall to the ground, and every autumn you must spend hours raking them all into leaf mountains (all the while turning into the neighborhood grouch as you chase away the children who love to scatter the leaves to the four winds!). Then you must spend a lot of money on plastic bags, spend more time shoving the leaves into the plastic bags, and finally must make several trips to the town dump to get rid of them. "If only all this work were good for something," you mumble between clenched teeth.

Maybe it could be. If stones, air, and blank pages can be sold, why not leaves? Figure out how you'd do it: your basic idea, your packaging, and your promotional campaign.

23. KUMQUATS

You have owned a grocery store for twenty years, and the business seems very much the same every day: the same customers, the same orders, the same bills, the same groceries.

Suddenly you have an idea--a little oddball, but nevertheless interesting. You own a book about foods around the world. It would probably be fun to introduce one new kind of food every two weeks, preferably something exotic and unusual that most of your customers have never tasted. However, as you are a good businessperson you don't want to lose money by ordering things people won't buy. Therefore you will need to do some marketing research among your customers to find out if they'd be interested in trying such foods as tropical fruits (mangoes, kumquats, pomegranates), Jewish foods (gefilte fish, kasha, potato pudding), French foods (fromage de chevre, baba au rhum, pate), and so forth.

What kind of marketing research system would you use to find out whether your customers would buy such foods as these? Keep in mind that this problem is really a little harder than it sounds: since most people have no idea what a kumquat is, it wouldn't make much sense to ask them "Would you buy a kumquat?"

24. DRAMA IN THE LAUNDROMAT

Larry has been working in yur laundromat for the last year. You don't pay him a high salary--your own salary is not especially high, either--but he earns what most people doing his sort of work get in your area. He's a reserved person and not very talkative, but he's efficient and reliable.

For the first six months, Larry worked with you in the laundromat. Together, you wiped the washers and dryers clean every now and then, made change for people, stocked the detergent and bleach dispenser, collected the coins from the machines and put them in the cash register, folded clothes for customers who paid extra for this service, and generally kept the business running smoothly. At this time, you decided that Larry was reliable enough to work in the laundromat without your supervision, so the two of you divided up the hours when fewer customers were there: early morning and around the supper hour.

About a month ago you began to realize that the laundromat's revenues seemed to be decreasing slightly--so slightly that you could easily have been mistaken. In examining your books more carefully and comparing the proceeds for the past few months with those about a year earlier, you noticed that in fact business was off about ten percent. You haven't observed fewer customers than usual in the laundromat, however.

You suspect Larry of pocketing some of the money, but there is no way to check this from the records, since they are kept on a daily, rather than an hourly basis, and the two of you divide the working hours. You certainly

hope this isn't the right explanation. Although Larry isn't exactly cheerful, he seems cooperative and dependable. You have to find out for sure whether he is stealing.

Before you rented the building it was a jewelry store, and the one-way mirror between what is now a small, unused room and the main laundromat is still in place. You arrive at the laundromat fifteen minutes before Larry is due to open it for the morning and conceal yourself behind the one-way mirror. From your vantage point you can see everything clearly.

As he does when you are there, Larry collects the money from the machines every half hour, and puts the money in the cash register. It appears to you that he is also putting some in his pocket.

During the two hours you are watching, you note every time a customer puts money in a machine and total up what the proceeds should be. Then, without a word, you emerge from your hiding place, open the cash register, and count the money. It is in fact, about $5.00 short. Larry is watching you, amazed and nervous. What should be done about Larry's stealing?

25. BILLBOARD

Drivers on a major highway in New England pass a huge billboard advertising a hotel a few miles up the road. State law requires that all billboards be placed at least 30 feet from the road, so the message is printed in very large letters to enable the drivers to read it.

In letters that are two feet high, drivers read:

SLEEPY TIME HOTEL $18/NIGHT

Then in one foot high letters,

SPACIOUS ROOMS WITH
TELEPHONE
COLOR TELEVISION
ELECTRIC BLANKETS

EXERCISE IN OUR GYM!
REJUVENATE IN OUR SAUNA!
FEAST IN OUR RESTAURANT!

At the bottom of the billboard, in letters only four inches high, these words are printed:

$18 a night per person, double occupancy

The small words are too small for many drivers to read from the highway, especially going by at high speeds.

Is this an ethical promotional device?

26. PAPER AIRPLANES

You have always enjoyed the Japanese art of origami: folding paper to make beautiful birds, flowers, animals, and other objects. You have an office job, and have been thinking that it would be fun--and just might be profitable--to start a small business at home in your spare time.

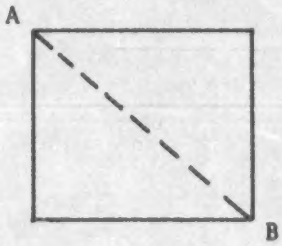
You are sure the business would be simple, especially since you're not ready to commit yourself to it full-time yet. You have some savings you're prepared to use for start-up costs. Several local gift shops, toy stores, and art supply stores have said they would place orders. You'll need to buy origami folding paper, to write folding instructions and to have them printed, and to buy plastic bags to put the kits in.

The only part you think you might have trouble with is the instructions, which have to be written so clearly and simply that everyone can follow them successfully.

As a trial run, you decide to write instructions for making a paper airplane, with the intention of having a few friends try it out to see if the instructions are clear.

Write instructions for making a paper airplane. The best preparation is to make one first from a flat piece of paper, drawing dotted lines along the folding lines and writing letters at the endpoints of the dotted lines. Then you describe how to fold the paper in diagrams and words.

For example, if you wanted to make a triangle from a square piece of paper, your instructions would consist of a diagram and directions:



Fold along line AB.

27. DOOR-TO-DOOR SELLING

You have a small business selling cosmetics door-to-door in Danbury, a medium-sized town in a southern state. You have done this after school and on weekends for two years, and are hoping to open a small store when you graduate if you can get together enough money. You figure that the best thing you have going for you is the personal contacts you've made selling door-to-door. You must know half the people in town by now!

Recently, however, business hasn't been very good. And you know why, too. A month ago a story hit the Danbury newspapers: a door-to-door salesman dealing in cleaning supplies of various sorts had been arrested. It was discovered that he had put plaster dust in the laundry detergent boxes and colored water in the floor wax jars. This man managed to make a lot of money before he was caught--because he seemed like such a nice guy, people evidently trusted him and bought a great deal of cleaning supplies from him.

Since then, you've noticed that some customers who used to buy your cosmetics now say, "No, thank you." and close the door. You don't think they have actually decided you are a crook like the other salesman, but it's likely that they're just feeling a little more suspicious now of door-to-door salespeople in general.

Decide what you would do to reassure your customers of your honesty and to revive your business.

28. RECORDKEEPING: class discussion/optional written exercise

You are opening a clothing resale shop. Neighborhood people will bring in clothes they no longer wear but that are still in good condition to leave them on consignment to be resold. When an item of clothing is resold, you keep 50% of the selling price and pay the remaining 50% to the consignor. Customers are satisfied because they are able to buy perfectly good clothes for very low prices, and consignors are satisfied because they are able to get some money for clothes they don't need any more. You calculate that the business should be sufficient to give you a moderate income.

Since you expect to have the clothes of approximately 200 different people in stock at any one time, you need to figure out a system for keeping track of whose clothes are sold when, and for what price. With this information, you will know how much money to return to each consignor.

Keep in mind that your inventory system will have to be simple to use, both at the point of sale (you can't keep customers waiting while you search through your files for a piece of paper) and at the time you do your accounts (you don't want to spend an enormous amount of time figuring out how much money belongs to consignors, how much to the business, and how much to the government for taxes). Devise an inventory system for your clothing resale shop.

29. CHECKLIST EXERCISE

On the next page is a list of personal characteristics which may be related to business people. Go through the list a first time to decide whether you think each trait is important or not important for a successful businessperson. Then go through it a second time to decide whether the traits describe you.

Finally, compare your check marks. Did you rate any traits as important that you don't feel you possess? If so, what can you do to improve things?

TRAIT	For a Successful Businessperson:		For Yourself:		
	Not Important	Important	Not at all	Somewhat	Very Much So
1. Creative and imaginative.					
2. Wants to earn a lot of money.					
3. Likes to win.					
4. Likes to be thought of as assertive.					
5. Quick at making decisions.					
6. Decisions usually turn out to be good ones.					
7. Likes being looked to for leadership.					
8. Good at taking advantage of others' mistakes.					
9. Always looking for new opportunities.					
10. Willing to take risks.					

30. VINCENT MARTINO

For the last ten years, Vincent Martino has owned a factory that manufactures metal garden rakes and hoes. He employs 25 people, many of whom have worked for him since the business began.

In the last year or so, however, orders from hardware stores and gardening centers have fallen off. Vincent is planning to start manufacturing metal shovels, and he is pretty sure that business will improve in two months.

In the meantime, money is tight. After exploring other alternatives, he decides to cut everybody's salary, his own included, by 10 percent, for two months until business improves.

a. What short-term consequences of Vincent's action are likely?

b. What long-term consequences are likely?

c. Is Vincent's action ethical?

31. ADVERTISING COPY

Each group of four students will choose a product to be advertised. One of you will write the copy for a radio commercial. One will prepare a television commercial (indicate the visual elements of the commercial). One will prepare a newspaper or magazine advertisement (again, indicate the visual elements). One will be a salesperson who is explaining the product to a customer (write your "script").

After working individually on the advertisements, each group member will present his or hers to the other students in the group.

32. JUST FOR FUN

You are not a surveyor, and you have unfortunately forgotten all the trigonometry you ever learned. There is a tall building in your town, and your friend (who is a surveyor) bets you $10 that you can't estimate the height of the building.

How many ways can you think of to estimate the height of the building and win the $10?

33. CREDIT CARD

You own a farm supply store in southern Ohio, an area of many middle-sized farms. Your business is good: in an average month you collect $100,000 for the farm products you sell to your customers. Of this, 10 percent, or $10,000, is profit before taxes.

Since several of your best customers have been displeased lately that you don't offer credit card payment, you jump at the chance to sign up when a representative of a national credit card company asks you if you want to join the plan. The fee for the service is 3 percent of the sales revenue.

To avoid cutting into your profit, you raise your prices by 3 percent to cover the cost of the credit charge service. Sure enough, next month you take in $103,000 for the farm products you sell. When you calculate your month's profit, you are amazed to find that it is $90 lower than usual.

What went wrong?

34. EMPLOYEE TURNOVER

You own a gas station in a good location and are disturbed by the fact that your employee turnover is quite high--both for mechanics and for the people who pump gas. Some employees even quit after only a week working at your station. There are plenty of qualified mechanics and gas pumpers around, so there's no problem in replacing them. But hiring the new people and getting them familiar with the way you run your business is very time-consuming.

What, if anything, would you do about this situation?

35. RELATIVES

No student materials.

36. SYLVIA MESSER

Sylvia Messer owns a quality clothing store in Florida. Her inventory includes sportswear for both men and women.

A week ago she sold a designer-label shirt in a luxurious fabric to a customer who had not shopped at her store before. He told her he intended to wear it to a large party at the condominium housing complex where he lives.

Today he came back to Sylvia's store to return the shirt. In wearing the shirt, he said, he discovered that a sleeve seam was open. That was very embarrassing. He can't fix it because he doesn't know how to sew, and anyway for the money he paid he doesn't want a shirt that isn't perfect. What courses of action can Sylvia take to meet the customer's demand? What are the consequences of each action?

37. LIMITED RESOURCES

It's bill-paying time for your window washing service, so you get out your bills, the list you keep of things that need doing, and your business checkbook.

Current Debts

Salaries for 10 window washers	$1,500
Your salary	250
Window washing supplies (delivered today)	50
Rent for your business office	200
*Utilities (heat, light, water)	100
*Telephone	20
Loan payment (business loan, truck loan)	175

* 1½ % interest charge per month if payment is delayed.

Other expenses coming up soon

Truck needs servicing	$ 100
You need a bookkeeper to show you how to set up your books more efficiently	50
You need another phone line installed (customers complain about the busy signal)	20
Your office needs painting	350
You need to replace a scaffold that looks worn out	75
You need new squeegees (window washer blades)	50

If you were to pay your current debts and in addition have all the other expenses taken care of now, your total debt would come to $2,940. The trouble is that you only have $2,100 on hand now. In two weeks the cash situation will be much better, because you will be paid by then for cleaning the windows of a large apartment building.

You need to decide which of your current debts need to be paid immediately and which ones can be paid next month. You also need to look at your list of expenses coming up soon and decide which ones have to be done right away (and paid right away), which should be done (and paid) in two weeks, and which ones will just have to wait longer than that.

38. PRINTING AND BOOKBINDING

You own a large printing and bookbinding business. Your building is so large that one unused room alone is 20' x 40'. You can't decide whether to use the room for storing your printing and bookbinding supplies, or to put a new printing press in there.

Since you are an experienced businessperson, you know that nothing comes free. You figure out that since the room occupies 10 percent of your floor space, it represents 10 percent of your fixed monthly expenses.

Room's share of fixed monthly expenses

Utilities	$ 20
Mortgage	175
Taxes	125
Janitorial service	30
TOTAL	$350

If you turn the room into storage, you will have to pay $350 per month anyway. If, however, you put the printing press in there, you calculate that it will generate $1,000 per month in profits (after the $350 and other expenses have been paid).

Your buyer tells you that the supplier offers discounts for supplies purchased in bulk. Figured on a unit basis of 100 square feet of paper, and various supplies needed for printing and binding books, these prices are:

Prices for supplies

	Bulk (100 sq. ft.)	Regular (25 sq. ft.)
Paper	$1,000	$ 350
Ink	900	325
Cardboard	600	200
Glue	700	225
Linen Tape	2,400	750

Calculate whether it would be more profitable to store supplies or put a new press in the empty room.

39. NICK REGGIO

In a proprietorship, the owner's personal property can be sold to pay off creditors if he or she goes bankrupt. This is because most proprietorships start with very little money, and the proprietor sometimes has to pledge his or her home as collateral to obtain a bank loan to open the business.

Nick Reggio is 27. He is married to Elizabeth, who teaches mathematics at a high school. They have two children, ages one and three. Although having a working wife took some of the financial responsibility off him, Nick found that to get a bank loan of $20,000 to open a camera store he needed to pledge his house as collateral. However, he knew a great deal about photography--he had been a photography buff since his early teens and had worked at several photography stores since finishing high school--and both Nick and Elizabeth were sure he'd be successful. So they agreed that he should go ahead with the loan.

Before he applied for the loan, of course, he had done his homework: he had analyzed the market, found a good location for his store, contacted

suppliers, and had even gotten a few sizable advance orders from customers. Everything looked fine.

But everything went badly, almost right from the beginning.

Because his operating budget was small, Nick didn't want to hire an assistant. He got to the store at 8 a.m., set up for the day (including dusting the shelves and vacuuming the floor), waited on customers from 9 a.m. until 5:30 p.m. (gulping down bites of a sandwich between customers at lunchtime), straightened up and counted the day's sales until 6:30 p.m., made a quick trip to the bank's night deposit box, had dinner with his wife from 7 to 7:30 p.m. (the kids had eaten earlier), and then worked on accounts for the camera store until midnight, when he fell into bed, exhausted.

On weekends he spent more time on paperwork for the business. When Elizabeth insisted he should at least take a walk with her and the children, he had a hard time talking about anything but the camera store.

This kind of life took a predictable toll on Nick. Before too long, he had lost his appetite, was irritable, forgot details, and had trouble sleeping. In the store, he had less patience with indecisive customers. He forgot where he put things: once he even misplaced the canvas bag with $650 from the day's sales he was about to take to the bank (he found it after a 30-minute search). He promised customers that their cameras would be repaired by a certain day, and then forgot to remind the repair shop to deliver the cameras to him on time. Needless to say, Nick's customers were annoyed.

Business got worse and worse, and within a year Nick was bankrupt. He owed $50,000 to his creditors and the bank sold his house to pay them, following the terms of the loan agreement.

Nick and Elizabeth and their children are living in a rented apartment. She still teaches mathematics. He is trying to figure out what to do for a job.

QUESTIONS

1. Using your home as collateral for a bank loan is a risky step, but it is sometimes necessary. Would you be able to do that? What would you need to be sure of before you did?

2. Many new entrepreneurs work long hours in their business. Would you be able to do that?

3. Do you think Nick's total concentration on his camera store was understandable, or was it exaggerated?

4. If you were Nick, what, if anything, would you have done differently?

40. "A NEW DAY"

Five years ago, Dave Jacobs and Anita Lanning started a career counseling service they called "A New Day." They each had several years' experience as career counselors with adolescents and adults, and knew enough about business to survive.

In the five years since they opened, they have not only survived but prospered. Both Dave and Anita had always been good at helping clients discover their real job talents and preferences; in addition, the two had also developed innovative job hunting procedures. The satisfaction of clients with the counseling they received and their success rate in finding good jobs gave the business an impressive reputation. As the number of clients increased, Anita and Dave hired and trained a total of ten career counselors. Now, at "A New Day's" fifth anniversary, Dave and Anita think it is a good time to examine the whole matter of profits.

Dave and Anita invested a total of $40,000 in the business to open. For the first year, there were no profits at all. The second and third years produced small profits, which they paid to themselves in return for their investment. In the fourth and fifth years, profits became quite large as the business expanded.

What Dave and Anita must decide is: should they continue to keep all profits for themselves as return on investment, or should they institute a profit-sharing plan among all employees (themselves included)?

Make the decision for Anita and Dave, and include these considerations:

1. What effects would each alternative have on the health of the business?

2. What is the ethical thing to do?

   a. fair to Dave and Anita
   b. fair to the employees

41. TRICYCLES

For twenty-five years you have owned a factory that manufactures metal children's tricycles, and in the last five years or so you have watched your sales decrease steadily. More and more, people have been buying toy vehicles for children made out of plastic: plastic manufacturing is cheaper, making the toys more easily replaceable in larger sizes as the child grows. Although your sales promotion ideas have been creative, they have done little good. Consumers' tastes have changed, and there is nothing you can do about that.

You've thought of switching your product from metal tricycles to plastic toy vehicles, but the capital outlay required for the entirely different machinery is much more than you could ever afford. You have therefore had to recognize that you have no choice but to go out of business.

You have called all your employees together to tell them of your decision.

With your classmates acting as employees, play the role of the factory owner. How will you present this decision? What tone should you take? Employees will ask questions, so be prepared to answer them.

42. BEVERAGE BUSINESS

You live in a small town in coastal California, and your drive-through beverage business is doing fantastically well. There is often a long line of customers in cars, waiting for their turn to choose from a wide variety of soft drinks, juices, and beer. Employees take the orders, carry the merchandise to the customer's cars, and receive payment. Customers apparently like this way of shopping because it spares them from having to find parking spaces and having to carry the heavy beverages back to their cars.

You have found out that there is a location available in a ski resort town about 60 miles away in the mountains. The town has no competition for you, since the only places currently available to buy beverages are conventional stores. The location looks good too, on a heavily travelled road, with a building easily adaptable to your needs, and enough land to make a long driveway--all this at the right price.

In order to help you decide whether or not to expand your business, think of all the advantages and disadvantages you can.

43. DRUG STORE CHAIN

You own ten drug stores in eastern Oklahoma and western Arkansas. They have separate and independent recordkeeping systems because of the ways in which you acquired them. One was inherited fifteen years ago. Three were started from scratch at different times, and six existing stores were purchased from former owners at different times.

Now that your chain has grown to ten stores, you find that working with ten slightly different recordkeeping systems is impossibly inefficient. Your accountant has been complaining about this for some time, and you've decided that now is the time to create a uniform system which the ten store managers will carry out.

For which records will you need to develop uniform systems among the ten stores? Is there any information it would be best to maintain separate systems for?

44. WHAT NEXT?

Your gift shop has had to go out of business after eighteen months. You weren't knowledgeable enough about running a small business before you opened, so you made many mistakes due to inexperience. Now that you've been through it, you're fairly sure you know what you did wrong, and have a good idea of how to correct your mistakes the next time.

But will there be a next time? How would you feel about starting a new business after your first one failed?

45. MEG WALLACK

You own a store which sells men's and women's clothing, and you pay your salespeople a salary plus commission. A month ago, you hired Meg Wallack to replace another salesperson who had retired. Within one week, you were amazed to see that Meg outsold the other four salespeople by far, even though the others were old hands at the clothing business.

Today you happened to be standing nearby when Meg was waiting on a man who was interested in buying a tie. The price range of the ties you carry is from $3.95 for rather poorly made and dull-looking ones to $19.95 for silk designer-label ties.

First Meg showed him a $3.95 tie. The dullest-looking and most old-fashioned of the lot. Quite sensibly, the customer said he didn't like that one. She then showed him a tie for $6.95, also rather shabby. "Isn't it terrible," she said, "how prices for things like ties have gone up lately? Some of our customers say they have spent over #30 for a good tie. Can you imagine? Of course, our ties aren't that high. But it really is so important to have a good tie--even with the best suit, you don't look as impressive as you should with a tie that is second quality." The customer quickly said, "Yes, you're quite right. No, this tie won't do, either. But that's about the price range I wanted."

Meg showed him two ties, one for $17.95 and one for $19.95. Both were beautiful and in the latest style. The $19.95 tie had a well-known designer's logo discreetly but visibly embroidered on it. "How do you like these, sir?" she asked. Fingering the fine material of the ties the customer replied, "These are much better. Yes, they are more like what I need." She gave him a few moments more to look at them. "Which do you prefer, sir?" "Well," he said, pointing to the $19.95 tie, "This one would go well with my new suit. And it is quite impressive-looking. But..."

"You have excellent taste, sir. I quite agree with you. I'll be happy to put the tie in a box for you, sir." And she proceeded to ring up the sale. The customer looked a little surprised, but said nothing as the transaction was completed.

As owner of the business and Meg's supervisor, what do you say to Meg when the customer has left the store?

"Well done, Meg! Now I understand why you're the best salesperson here!"

"The next time I hear you pressuring customers like that, I'll fire you."